Franklin G. Cleasby, Jr., Rehoboth.
William D. Powers, Rockport.
Francis Joseph Correia, Wilmington.

MICHIGAN

Clifford F. Eastman, Beulah.
John L. Lucas, Romeo.

MINNESOTA

Carl L. Beecher, Henderson.

MISSISSIPPI

Cleo S. Parker, Cruger.
W. Hugh Magee, Crystal Springs.
Thomas F. Kirkpatrick, Hollandale.
J. Auburn Bethany, Shuqualak.
John Thomas Rainer, Taylorsville.
George T. Herlihy, Waveland.

MISSOURI

Sidney M. Cramer, Archie.
Nelson H. Mullen, Belton.
Mary R. Fewel, Calhoun.
John E. Moore, Clinton.
Daniel C. Selvidge, Collins.
John M. Coe, Creighton.
Forrest Beason, Fair Play.
Etta Boswell, Forsyth.
Robert C. Smith, Garden City.
Orion J. L. Brookhart, Harrisonville.
Allie V. Neil, Leeton.
Boyd F. Eversole, Lowry City.
Maurice D. Cole, Montrose.
Roy S. Kenney, Neosho.
Mary G. Kenton, Norborne.
Dayton A. Street, Purdin.
Roy Cooper, Puxico.
Forest C. Muir, Raytown.
Summerfield Jones, West Plains.
Herbert L. Wells, Republic.
Arvella C. Bennett, Rockville.
Merl L. Gamble, Sheldon.
Azzo B. Grier, Strafford.
Jessie B. Smith, Walnut Grove.

NEBRASKA

William Nelson, Spencer.

NEW JERSEY

James A. O'Connor, Fairview.

NEW YORK

Edward B. Buckley, Willard.
Asahel G. Harvey, Hudson.

NORTH CAROLINA

William M. Shaw, Fayetteville.
Lucy Cooke, Hildebran.
John R. Steele, Ramseur.

NORTH DAKOTA

John A. Nagel, Selfridge.

OHIO

Harry M. Walden, Coolville.
George E. Calhoon, Geneva.
Charles Stanley Earnhart, Lebanon.
Harry F. Mohr, Mechanicsburg.
Ben N. Powell, Rutland.
Worthy A. Circle, Springfield.
John L. Carr, South Charleston.

OKLAHOMA

Abraham V. D. Robinson, Claremore.
Clarence Knappenberger, Watonga.

PENNSYLVANIA

Bernard H. Kerrigan, Bryn Mawr.
Margaret G. Cummings, Irwin.
Fred D. Weiss, New Tripoli.
Frank Canistra, Republic.
Hugh A. Bard, Slippery Rock.
Frank M. Severns, Southampton.
Catherine Gates, South Fork.
Kathryn McFadden, Summithill.
Thomas H. McKlveen, Trafford.

RHODE ISLAND

Nicholas Ball, Block Island.

SOUTH DAKOTA

Carl H. Schyan, Flandreau.
Fred W. Benish, Kennebec.

TENNESSEE

Walter H. Boswell, Livingston.
Bertha L. Loy, New Market.
Hamilton H. Taylor, Sr., Rutherford.
Frank C. Hargis, Wartrace.

TEXAS

Allan H. White, Amherst.
Benjamin T. Tucker, Mercedes.
Walter S. Martin, Port Arthur.
Bronson C. Howell, Port Neches.

UTAH

Alpha B. Barton, Monticello.

VIRGINIA

James Tolby Owens, Clintwood.

WASHINGTON

Albert L. Hopkins, Gig Harbor.
Vernon R. Nixon, Bellevue.
Joseph Carhart Larin, Eatonville.

WEST VIRGINIA

Robert Lake Bailey, Bluefield.

WISCONSIN

Charles E. Hougen, Amery.
Anton X. Umhoefer, Colby.

HOUSE OF REPRESENTATIVES

SATURDAY, AUGUST 24, 1935

(Legislative day of Friday, Aug. 23, 1935)

The recess having expired, the House met at 10 o'clock a. m.

The SPEAKER. The Chair will say to the House there are six or more conference reports on the desk. The Chair is going to take the liberty of asking the gentleman from New York and the House to suspend consideration of the bill which was under consideration when the House recessed last night until these conference reports, or at least the most of them, can be disposed of. The Chair will not recognize anyone until most of these conference reports are disposed of for any purpose except to correct the RECORD, to ask permission to insert matter in remarks, or to consider privileged urgent matters that may come up.

Mr. SNELL. That is a very good suggestion.

A RESOLUTION TO END WAR—SUPPORTED BY FIFTY-FIVE MEMBERS OF CONGRESS, FRANK B. KELLOGG, AND MANY OUTSTANDING CITIZENS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein expressions from a number of my colleagues on the subject of war and international relations.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, the purpose of this article in the CONGRESSIONAL RECORD is to report to the country the progress that has been made in promoting House Joint Resolution No. 167, the war referendum resolution I introduced in the last session, which is designed to minimize the possibility of America being dragged into unjustifiable wars. If this resolution is adopted and the amendment it purposes is written into the Constitution it will keep us out of wars we have no business to enter and will protect our precious boys, the fine young manhood of the Nation, from being swept into the maelstrom of foreign conflicts.

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I believe there are more humanitarian possibilities wrapped up in this resolution than in any other measure that has come before the Congress in my time and that every American who loves his country, and desires to serve it, should support this resolution with all his heart and with every ounce of his resources and energy.

If we could get this proposed amendment or its substance written into the Constitution we would perform a major service for humanity in these dark and troubled times when dictators are threatening the peace of the world and war broods over Europe, Africa, and the Orient, and we would erect a permanent and substantial safeguard against war for all time.

If the amendment I propose is adopted, persons who make loans to foreign governments or to nationals of foreign countries and those who sell munitions to belligerents will not find it so easy to maneuver this country into war to protect their hellish profits. They will find that the people of America will have something to say about that and that the people, when given a chance to vote on war, will place humanity above dollars and the lives of our precious young men above greed and selfishness.

My resolution is a simple proposition and provides that, except in the case of invasion or attack, there shall be no declaration of war until the question has been submitted to the people and approved by a majority of the voters in a national referendum; also that in the event of war all war properties, munitions plants, and so forth, shall be taken over by the Government for the period of the emergency, thus removing the profit incentive to war. It is predicated on the theory that those who have to suffer and die, if need be, and to pay the awful costs of war ought to have something to say as to whether war shall be declared. The owners of war properties, dreaming of fabulous profits to begin when war is declared, will have a rude awakening if the amendment I have proposed is adopted. They will find that on the declaration of war they will become the servants and not the masters of the state; that thenceforth all their properties and resources will be used during the period of the war for the benefit of the state and for a nominal interest return of 4 percent on pre-war tax valuations, and that they will share with the rank and file some of the burdens and the sacrifices of war, which is as it should be. My amendment, in short, takes the profit out of war, and once the lure of profits is removed there will be few wars.

HOW FRIENDS CAN ASSIST

This resolution has passed the stage of a most successful hearing and is now pending before the House Committee on the Judiciary awaiting action by that committee. I expect to press it with all possible vigor when the Congress reconvenes in January. There has been enough of a national awakening to show that the resolution correctly interprets the heart and soul of America, but a movement of such magnitude, involving an amendment to the Constitution, cannot succeed unless it has the support of an active and determined public opinion on a Nation-wide scale.

My own means are so limited that I cannot give the proposal the publicity which its merit warrants or the promotion that is necessary to bring it forward and make it stand out as an essential feature of the next legislative program, so I would be glad if persons of financial resources, who wish to do something worth while for humanity, would take the task in hand to see that funds are provided and organizations are established to bring the resolution to public notice in their respective communities and to urge those who are interested to ask their Representatives and Senators in the Congress to support it. Only by such combined and intensive efforts can success be attained.

A SUCCESSFUL HEARING

The hearing on the resolution took place on June 19 last before Subcommittee No. 2 of the Judiciary Committee and was presided over by the chairman, Hon. EMANUEL CELLER, of New York, for whose courtesy and fine spirit of cooperation I wish to express my grateful appreciation. The other members of the subcommittee that conducted the hearing are Representatives ROBERT L. RAMSAY, of West Virginia; P. L. GASSAWAY, of Oklahoma; JAMES P. B. DUFFY, of New York; CLARENCE B. HANCOCK, of New York; and EARL C. MICHENER, of Michigan.

I have attended hearings on many bills, but never had I been present on an occasion so fraught with human interest, when the witnesses were so united, so sincere, so enthusiastic in support of the proposition presented. Speeches in behalf of the resolution were made by the following:

Dr. Mary Williams, professor of history, Goucher College.

Rabbi Edward L. Israel, of Baltimore, Md.

Gen. Smedley D. Butler, major general United States Marine Corps, retired.

Dr. Homer P. Rainey, president of Bucknell University, Pennsylvania.

Hon. THOMAS L. BLANTON, a Representative in Congress from the State of Texas.

Mrs. Harvey W. Wiley, general federation director from the District of Columbia Federation of Women's Clubs.

Miss Dorothy Detzer, national secretary of the Women's International League of Peace and Freedom.

Hon. MATTHEW A. DUNN, a Representative in Congress from the State of Pennsylvania.

Hon. HAROLD KNUTSON, a Representative in Congress from the State of Minnesota.

Mr. Arthur J. Lovell, vice president and national legislative representative, Brotherhood of Locomotive Firemen and Engineers, Washington, D. C.

Hon. JOHN J. BOYLAN, a Representative in Congress from the State of New York.

Dr. Arthur Call, secretary American Peace Society and the Interparliamentary Union.

Mr. J. A. Farquharson, national legislative representative, Brotherhood Railway Trainmen, Washington, D. C.

Mr. W. D. Johnson, vice president and national legislative representative, Railway Conductors of America.

While the committee was in session the executives of the 21 brotherhoods of railroad men met in Washington and adopted a stirring memorial in favor of the proposed constitutional amendment, and it was brought over to the committee room and read to the subcommittee by Mr. W. D. Johnson, vice president of the Railway Conductors of America.

KELLOGG AND THE WAR MONGERS

Hon. Frank B. Kellogg, former Secretary of State and author of what is known around the world as the "Kellogg Peace Pact", made known at this meeting that he is in complete sympathy with the resolution I have introduced. In a letter read at the meeting he said:

I certainly believe that if a national referendum were required before the United States should engage in a war except in the case of repelling an invasion, it would go a long way toward preventing any war. I think your resolution is a very good one, and I should be glad to do what I could to further its approval.

Later, on August 14, Mr. Kellogg again wrote to me a letter of cheer and encouragement in which he said:

I wish you luck! I do not know whether our people would ever adopt a constitutional amendment on this subject or not, but I should consider it a great handicap on the war mongers.

Mr. Kellogg has used a very expressive term—"war mongers." It is the war mongers we want to reach—those who would coin the blood of human beings into filthy dollars, those who would wrench the hearts of women and children with misery unspeakable in order to accumulate vast private fortunes.

COMMENDED BY ARCHBISHOP CURLEY

Most Reverend Michael J. Curley, archbishop of Baltimore, is as enthusiastic for my resolution as is Mr. Kellogg. In a letter he says:

I have read your bill, and I wish to say to you very frankly that it has my fullest approval. Any measure that will keep us out of war and from a repetition of the horrible tragedy of 1914–18 ought to be welcome to the people of the United States. It is my humble opinion that the people of this country do not want war, and I doubt if the people of any nation in the world want war. After all, wars are not made by the people and certainly were not made by the millions of the sons of sorrowing mothers who went down to

their graves in the fratricidal strife of those 4 horrible years never to be forgotten.

Nations have been lashed unwillingly into war by high-powered propaganda carried on under the supervision of the swivel-chair gentlemen, who keep far away from the danger point in all wars, and at the same time the people have been made the victims of the wretched individuals who have made countless millions of dollars out of, so to speak, the dead flesh of the youth of the world. Consequently, your idea of placing the whole matter before the people for a referendum vote is excellent. The time should be gone forever when a few men can come together and throw nations at each other's throats.

Two other great archbishops of the Catholic Church—Drossaerts of San Antonio and McNicholas of Cincinnati—and numerous bishops of that faith urge the passage of this resolution as a measure of vital interest to humanity.

Eminent leaders of every Christian denomination in America are back of this measure. Four of the greatest rabbis in America—Israel, of Baltimore; Wise and Goldstein, of New York, and Feuerlicht, of Indianapolis—are among its ardent champions. Mrs. William E. Ochiltree, president of the American War Mothers, whose sons so valiantly served the Nation in the last war, is tremendously interested in this resolution. The leaders of the great brotherhoods of organized labor, knowing how the working people are ground by the cruelties and the insufferable burdens of war, are pleading with you to report this resolution.

There is no doubt that this resolution reflects the innermost soul of America. There is no doubt that it reaches straight into the heart of the common man and finds a lodgment there. There is no doubt the people of America yearn for the peace and security this resolution would establish in place of the everlasting uncertainty, the confusion, worry, and dread that now harry the souls of peace-loving citizens. For the people of America, like the people of all countries, are inexpressibly weary of war; they are weary of its heartaches, of its unspeakable sorrows; they are weary of the pain it puts in the hearts of mothers.

Countless thousands of American citizens have had their attention attracted to this proposal and they are looking to it as a way out of the wilderness. Innumerable individuals have written their endorsements, and no one could read their letters without knowing that their words come direct from the heart. Many large associations and groups have approved it unanimously in resolutions which they have sent to Washington. In one city over 2,000 school children have signed petitions urgently requesting its enactment. I wish I could shake the hand of every signer of the petitions that have come to me and tell him that my heart meets his in trying to find the way to permanent peace. I wish I could answer every one of the thousands of letters I have received, but such a task is manifestly impossible.

LEAST CONSPICUOUS OF GOD'S CREATURES

And beyond these whom I have described as leaders among men are many other people who are among the least conspicuous of God's creatures, people with hearts and feelings but devoid of education, who say in their letters, "This is the first time I have ever written to a Congressman, but I just had to let you know that I endorse all you are trying to do." There are times when the tongue cannot speak and the pen cannot write the language of the heart, and many of these correspondents write falteringly, violating all rules of punctuation and spelling, but saying enough to make themselves articulate in their earnest, almost pathetic desire that there shall be no more wars and that the common people, who have to do the fighting and the suffering and dying, shall at least have something to say as to whether America shall enter future conflicts.

The resolution already has penetrated deep into the consciousness of America. It has established itself in the hearts of many of our countrymen as a great and righteous principle that should be recognized and vitalized in the form of an amendment to the Constitution of the United States.

STATEMENTS BY SENATORS AND REPRESENTATIVES

It is to me a source of much encouragement and satisfaction that 55 Members of Congress have endorsed my war referendum resolution and by unanimous consent of the House I herewith present their endorsements so that the country may know that the resolution I have introduced has a strong nucleus of support in the national lawmaking body. Among the endorsers is Senator BENNETT C. CLARK, of Missouri, a World War veteran who knows what war is. He is a past national commander of the American Legion, and he was chairman of the caucus held in Paris, France, which organized the Legion. He is a very active and efficient Member of the Senate Munitions Committee, that has been investigating the war profiteers, and no one in the country has a better insight into the plots and machinations of greedy interests that foment war for the sake of profits.

Following are letters and statements by Members of Congress endorsing House Joint Resolution No. 167, the resolution I have introduced to keep America out of war:

WASHINGTON, D. C., *August 19, 1935.*

Hon. LOUIS LUDLOW, M. C.,
Washington, D. C.

MY DEAR LOUIS: I have followed your remarks on various subjects pertaining to war with great interest and great admiration.

I do not think there can be any question on earth as to the soundness of your position that steps must be taken to keep us out of war before the actual crisis has developed, for after the hysteria of war has been brought about it is impossible to depend upon Congress to withstand the demand for declaration of war. Therefore, I am entirely in sympathy with your proposition that except in case of attack or invasion a vote of the people should be required for the declaration of war. Of course, I think that certain other steps should be taken to prevent a situation from developing which will make it necessary for the people to vote on such an issue. I think that the United States should establish a neutrality policy which will make it impossible for us to drift into another war through the efforts of profiteers and international bankers as we did in the last one. It is for this reason that Senator NYE and myself have proposed three resolutions together making up a comprehensive neutrality program.

You deserve the thanks of the country for your efforts to focus public attention and arouse public sentiment in this great issue.

With kindest personal regards, I am,

Yours very sincerely,

BENNETT CHAMP CLARK.

UNITED STATES SENATE,
June 24, 1935.

MY DEAR MR. LUDLOW: I have followed with much interest your joint resolution proposing an amendment to the Constitution with respect to the declaration of war and the taking of property for public use in time of war.

I believe that your argument is sound in saying that those who have to serve should have a voice in determining whether we should go to war. Your proposition to take over all war properties during the emergency will, in my opinion, effectively remove the profit incentive to war. Please command me whenever I can be of service to you in the premises.

Very respectfully,

FREDERICK VAN NUYS.

WASHINGTON, D. C., *July 18, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN LUDLOW: I am strong for your proposal and I will be glad to help you in any way I can. Best regards.

Sincerely yours,

ARTHUR CAPPER,
United States Senate.

WASHINGTON, D. C., *June 22, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR COLLEAGUE: Permit me to acknowledge your letter of June 21, wherein you enclosed a copy of House Joint Resolution 167, and also your speeches of April 4 and February 19.

I wish to advise that this resolution, designed to minimize the possibility of America being dragged into unjustifiable wars, is in the right direction, and I will give it every possible support.

Sincerely yours,

A. J. SABATH, M. C.

WASHINGTON, D. C., *July 6, 1935.*

Hon. HATTON W. SUMNERS,
Chairman Committee on the Judiciary,
House of Representatives, Washington, D. C.

DEAR CHAIRMAN SUMNERS: I wish to make a very brief comment on House Joint Resolution No. 167, introduced by Representative LOUIS LUDLOW, of Indiana.

I think it is the most far-reaching progressive piece of legislation in the history of the world.

THEODORE L. MORITZ, M. C.

WASHINGTON, D. C., *July 12, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN LUDLOW: It was a very real regret that I could not be present at the hearings held on House Joint Resolu-

tion No. 167, but on account of important executive meetings of the Committee on Agriculture it was impossible.

It was my pleasure to appear at a hearing on a similar resolution a year ago, and I want to take this opportunity to express to you my hearty endorsement of this legislation.

In the interests of peace many measures have been introduced and many measures advanced, but I know of none which is more sane or more logical than the one contained in your resolution, namely, to insist upon a plebiscite before the country goes to war. It is democratic; it is common sense; it is constructive action, and I know of nothing which would be a greater deterrent to our participation in unnecessary conflict than passage of this resolution.

I am sure that once this Nation realizes its import and the machinery it would create toward our common objective, peace, there would be a tremendous popular demand for its enactment. I commend you for introducing it, and would be glad to stand shoulder to shoulder with you in working for passage of the resolution.

You will find some powerful allies in this cause if it can only be brought to their attention. I refer to the women and youth of America, and the rank and file of our citizenship.

Sincerely yours,

CHARLES W. TOBEY, M. C.

STATEMENT OF CONGRESSMAN WILLIAM P. CONNERY

I am in hearty agreement with the provisions of House Joint Resolution 167, introduced by Congressman LUDLOW, providing that except in the event of invasion the authority of Congress to declare war shall not become effective until confirmed by a majority of all votes cast thereon in a Nation-wide referendum.

My colleague, Mr. LUDLOW, rightly states that this resolution, if enacted, will be a real preventative to war.

Munitions dealers and international financiers have too often engendered strife between nations for their own avaricious gains, without the slightest compassion for the young manhood of our country slain in battle, the mothers' broken hearts, nor the children who are made orphans. While the people of our Nation are still suffering the aftermath of the war, the depression through which we are now passing, these professional war makers are busy in other quarters of the world agitating strife there, so that they may continue to pile up their bloody profits. I do not think that we should again permit these greedy profiteers to force war upon us, but that, if necessary, this solemn declaration should be made through the war referendum of the ballot box by those people who have to suffer and pay the awful costs of the war. War would then only be declared in the cause of righteousness, and not to satisfy the selfish and unprincipled objectives of the few.

WASHINGTON, D. C., *July 1, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR MR. LUDLOW: As a soldier of the Great War, I am very pleased to endorse your House Joint Resolution No. 167, which is designed to minimize the possibility of America being dragged into unjustifiable wars. It proposes a constitutional amendment; and I believe the purposes are just and good. It does not prevent us from waging war to defend our own land, nor does it prevent us from engaging in war at all. It merely means that if we are to go into offensive wars away from our own territory, that the people shall have a right to say whether they desire to do so and whether or not they wish to send their sons off to be killed.

It is always difficult to have constitutional amendments passed. You know that as well as I do. I will say, however, that your resolution has already done a great deal of good in this country to let the people know the difference between an offensive and a defensive war. Your resolution has brought about widespread national discussion and it demonstrates not only your ability to represent the people of your district, but to represent all the people of the United States of America.

The purposes of your joint resolution, which calls for a new amendment to the Constitution, appear to me to be extremely valuable and I shall be glad to give you whatever support I am able.

Very truly yours,

MAURY MAVERICK, M. C.

WASHINGTON, D. C., *July 5, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR COLLEAGUE: I want to commend you most highly for introducing House Joint Resolution No. 167, which is designed to minimize the possibility of America being dragged into unjustifiable wars.

In my representative capacity, I can assure you that the great majority of the people in the First Congressional District of the State of Washington favor the principles embodied in this resolution and I, as their representative, will do anything I can to cooperate with you to bring about the proposed amendment to the Constitution of the United States.

Sincerely yours,

M. A. ZIONCHECK, M. C.

STATEMENT OF HON. SAMUEL B. PETTENGILL, M. C.

Gentlemen of the committee, I doubt if any more important matter has ever come before your committee than House Joint Resolution 167, introduced by my distinguished colleague, Mr. LUDLOW. I beg of you to consider it carefully.

We have to look at war with cold realism. Patriotism itself requires us to do so. We have to think of it in terms of the greater good, and the long perspective. Shall a million lives be sacrificed to vindicate a hundred?

War comes in the present. It is liquidated in the future. It affects us, but it concerns posterity. The decision when made is irrevocable. Its burden must be borne by generations who had no voice in its decision.

During the World War we spent more money than in the 128 previous years since Washington became President. The payment of that debt will tend to lower the standard of living of our grandchildren.

War no longer is the business of armies. It is directed against the entire civilian population, and is fought by them. As it has become mechanized it has become merciless. It is said that only 8,000 died of battle wounds during the entire period of the Revolutionary War. Today that number would be the death toll of a single day—or an hour.

The decision whether we should engage in future war is too serious to be decided by box-car headlines, flag waving, hidden economic interests, munitions makers, mass psychology, emotional insanity. It can only properly be decided by the anxious deliberations of father, mother, son, and daughter sitting at the American fireside. It concerns them.

This resolution would give time for sober second thought. It would prevent a nation from being swept off its feet by an unfortunate incident, like the sinking of the *Maine*, or the *Lusitania*. It would serve notice to the purveyors of propaganda that the case for war must be so clear and clean that it can stand inspection by those who have nothing to gain from it. This resolution takes selfishness out of the decision to fight. It places war on the rock of patriotism. It deserves to stand on no other foundation.

WASHINGTON, D. C., *July 9, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

MY DEAR COLLEAGUE: Your letter dated June 29 together with a copy of House Joint Resolution 167 have been received.

Your proposal which is designed to minimize the possibility of America's entrance into war meets with my approval. In the consideration of the legislation, however, amendments will be considered which may prove helpful and they also will have my support.

With best wishes, I am,

Sincerely yours,

JIM MEAD, M. C.

WASHINGTON, D. C., *June 22, 1935.*

Hon. LOUIS LUDLOW,
Member of Congress, Washington, D. C.

DEAR COLLEAGUE: I desire to assure you that I am in hearty accord with House Joint Resolution 167 and wish to commend you for the fine effort you are making for its favorable consideration.

I was a Member of Congress during the World War and voted for the declaration of war, much against my convictions. I felt then that a great mistake was being made but yielded to the clamor for war. I have regretted every day since that I did not stand by my convictions. I have also daily regretted that I did not vote for the McLemore resolution to keep off the high seas. You will, therefore, understand by these declarations how I feel about war.

I am not a pacifist when our shores are invaded or our Government is in peril, but would never again vote for a declaration of war unless by the expressed voice of a majority of the people. You are at liberty to use this letter in any way you desire.

Very respectfully,

WILLIAM A. ASHBROOK,
Member of Congress.

WASHINGTON, D. C., *July 9, 1935.*

Hon. LOUIS LUDLOW,
Member of Congress, Washington, D. C.

DEAR COLLEAGUE: I appreciate your letter of June 29 calling my attention to House Joint Resolution 167. While it would be inadvisable to commit oneself to any piece of legislation before hearing it fully discussed, I can say without reservation that I favor the objectives you have in view and will be glad to assist you in any way possible.

With cordial regards, I am,

Sincerely yours,

THEODORE CHRISTIANSON,
Member of Congress.

WASHINGTON, D. C., *July 6, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR COLLEAGUE: I have studied with interest your Resolution No. 167, which proposes to refer the question of war and matters pertaining to war to the people.

I think your bill is a step in the right direction.

With good wishes,

Sincerely yours,

HERMAN P. KOPPLEMANN,
Member of Congress.

WASHINGTON, D. C., *July 3, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

MY DEAR MR. LUDLOW: I am very much interested in your Resolution No. 167 and your motive of minimizing the possibility of America being dragged into unjustifiable wars.

I am heartily in favor of any action that can be taken to establish peace and the settlement of differences by peaceful methods.

Sincerely yours,

CHARLES J. COLDEN, M. C.

WASHINGTON, D. C., *July 3, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives.

MY DEAR COLLEAGUE: I wish to acknowledge your letter of June 26 relative to your House Joint Resolution 167, a copy of which was enclosed therewith, and believe in the basic principle that the people of the United States should have some voice in the matter of declaring war, and that properties should be conscripted upon substantially the same basis as man power in the event of a national emergency.

Sincerely yours,

CHESTER THOMPSON, M. C.

WASHINGTON, D. C., *July 6, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: I am glad to acknowledge your letter of June 29 and the enclosure of a copy of your House Joint Resolution 167, which proposes an amendment to the Constitution of the United States with respect to the declaration of war and the taking of property for public use in time of war.

I am glad to assure you of my cooperation and support of this measure. If I can be of any service to you personally in your efforts in this connection, please feel free in calling on me.

With best wishes, I am,

Sincerely yours,

R. T. BUCKLER, M. C.

WASHINGTON, D. C., *July 6, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: I am in hearty sympathy with your resolution (H. J. Res. 167) and will gladly support it when it comes up in the House for consideration and passage.

I have advocated this policy for years and agree with you that if such an amendment is adopted it will prevent our country ever taking part in any war except one of actual self-defense in case of invasion.

Wishing you the best of success in this very worth-while undertaking, I remain,

Yours very sincerely,

KNUTE HILL, M. C.

WASHINGTON, D. C., *July 5, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

DEAR COLLEAGUE: I have very carefully read House Joint Resolution 167, and feel that it is worth most serious consideration by our people and covers the subject on which they should be permitted to express their views. In my opinion, such an amendment to the Constitution would have a far-reaching effect, and no doubt would tend to prevent our hasty entry into a war of invasion against any country.

Sincerely yours,

F. L. CRAWFORD, M. C.

WASHINGTON, D. C., *July 5, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

DEAR COLLEAGUE: I am in receipt of your letter of June 29 in which you enclosed copy of House Joint Resolution 167. I am interested in legislation which will assure the United States neutrality in the future.

You may be sure that this resolution which you have introduced will receive my most careful consideration.

Very sincerely,

OTHA D. WEARIN, M. C.

WASHINGTON, D. C., *July 5, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

DEAR COLLEAGUE: I have your letter of June 29, and also copy of House Joint Resolution No. 167.

I am in hearty sympathy with your ideas, and am favorable to the resolution. If there is anything further I can do to help you along in getting this resolution passed, please command me.

Sincerely yours,

KARL STEFAN, M. C.

WASHINGTON, D. C., *June 26, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR MR. LUDLOW: Much appreciate your letter of June 21, and especially appreciate your enclosing your speeches of April 4 and February 19. Am in heartiest accord and shall be glad to cooperate at every opportunity.

With best wishes, your friend,

CLARENCE CANNON, M. C.

WASHINGTON, D. C., *July 1, 1935.*

Hon. LOUIS LUDLOW,
Member of Congress, Washington, D. C.

DEAR COLLEAGUE: I have read and carefully considered a resolution recently introduced by you designed to prevent the United States from being involved in unnecessary and unjustifiable war.

I am heartily in favor of your resolution and shall be very glad to support it to the utmost of my ability.

Sincerely yours,

F. J. SISSON, M. C.

STATEMENT OF CAROLINE O'DAY, MEMBER OF CONGRESS FROM NEW YORK

I am in favor of the Ludlow resolution, House Joint Resolution 167.

So long as there are economic rivalries between nations, so long as there are territories to be annexed, so long as there are political controversies, so long will there be potential tendencies toward war—for war is the final and most violent phase of political action.

Nevertheless, there is no problem affecting humanity that cannot be settled without resort to war if the people so will.

War, in the last analysis, results through a game played behind closed doors in the courts, foreign offices, committee rooms, and counting houses of the world. The rank and file of citizens, the man in the street who later becomes the man at the front, know nothing of this game until cleverly directed propaganda begins to play upon the finest and most admirable trait of mankind all the world over—love of country.

The word "patroitism" is debauched by diplomats, statesmen, and by profiteers. A conscienceless press fans the flames of international misunderstanding. Mass psychology is artfully directed, and when the time is ripe for the purpose of its instigators war is declared.

We who know the horrors of the World War and its ghastly aftermath must shape a new code of international morality—a new system of relationship between nations that will prevent the slaughter of the youth of the world and the sacrifice of its young manhood.

A national referendum held by hostile nations pending a declaration of war would provide time for sober reflection, for allaying national hysteria, for investigating the truth or falsity of prevailing propaganda, for weighing the cost of human lives as against the acquisition of territories, the salvaging of investments for powerful financiers, as against the glorification of rulers and war lords, or avenging a national slight.

Through a referendum the rank and file of the people, the fathers and mothers of the Nation's youth would make the solemn decision as to whether or not that youth should be sent to the fields of slaughter.

Who can doubt but that a national referendum would prove a powerful instrument toward the maintenance of peace and the abolishment of that "sum of all iniquities"—war.

WASHINGTON, D. C., *July 2, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR COLLEAGUE: I have given considerable thought and study to the resolution you have introduced in an effort to prevent our Nation from being forced into possible future unnecessary armed conflicts. I am deeply impressed with the righteousness of this effort to outlaw, through legislation, American participation in unjustifiable wars.

America, having enjoyed friendly relationships with her immediate continental neighbors for so many years, has no reason to anticipate the necessity of entering into war with nations in any section of the world. It is hard to presume that war will come to us from abroad, but it is decidedly foolhardy to leave anything undone which could prevent America from going to war on other continents.

Your resolution, as I understand it, gives full protection to the National Government in case of the emergency of invasion, but at the same time passage of your resolution would make it practically impossible for this Nation to become the aggressor in any armed conflict.

I approve especially of the provision in your resolution which gives those who must do the suffering in time of war the right to have a voice in the question of whether or not our Nation shall enter such conflict. I believe the further provisions of your resolution giving the Government full control over all properties in time of war will have a decided desirable effect on any person who might be interested from a selfish standpoint in seeing this Nation at war.

You will find me ready at all times to assist you in any way possible in pushing your resolution to final favorable action by Congress.

With kindest personal regards, I am,

Yours very truly,

WM. H. LARRABEE, M. C.

WASHINGTON, D. C., *June 25, 1935.*

Hon. LOUIS LUDLOW,
United States House of Representatives, Washington, D. C.

MY DEAR LOU: House Joint Resolution 167, which was introduced by you on February 14, proposing an amendment to the Constitution of the United States with respect to the declaration of war and the taking of property for public use in time of war, is one of the most far-reaching resolutions which have been introduced in a long time, and in writing this I believe I am expressing the sentiments of the people of my district that they will be for the resolution practically 100 percent.

I believe that this resolution will come closer to ending war in the future than any other bill which has been presented in the history of this Nation, owing to the fact that under your proposed resolution the people will be the ones who will make the final decision as to whether or not we are going to engage in war. And why not? After all, why shouldn't these people, who must stand ready to do the actual fighting and to sacrifice their lives to defend this great Nation if necessary, have an opportunity to be heard regarding their views on the necessity of entering into conflict with other nations. I am confident that a vote of this nature would prove that these people are very much in opposition to war, and as a result war profiteering will come to an immediate end.

Permit me to congratulate you on the introduction of the bill and to wish you success in securing its enactment into law. Should I be in a position to render you any other service in furthering the interests of House Joint Resolution 167, please do not hesitate to call upon me.

With my best wishes I remain,
Sincerely yours,

WM. T. SCHULTE, M. C.

STATEMENT OF HON. VIRGINIA E. JENCKES, MEMBER OF CONGRESS FROM THE SIXTH DISTRICT OF INDIANA

Mr. Chairman, I desire to express my approval of House Joint Resolution 167, introduced by my distinguished colleague, the Honorable LOUIS LUDLOW, of Indiana.

I endorse this most important measure not only as a Member of the Congress but as an American woman, a mother, and a citizen, who has had the opportunity of observing the sufferings of the people resulting from the declaration of war as a result of an emotion or hysteria rather than upon the cool, calm judgment as expressed by the ballot of all the people, as provided by Mr. LUDLOW'S bill.

As we look back over the years and remember the day when the Congress declared war on Germany, and when we review the many events which caused suffering and anguish and privation among our citizens, I am sure that if Mr. LUDLOW'S bill had been law in 1916 our Nation would not have been so quick to have rushed into a conflict which destroyed thousands of our fine American men and caused untold sufferings among their families.

We all remember how proud we were when we took credit for having helped save the world for democracy, but today we find these same nations for whom we sacrificed the flower of our citizenship, for whom we impoverished ourselves in sending them supplies and funds, we find these same nations today refusing to repay to the United States the moneys which we loaned them, moneys which represented the earnings and savings of our people. We find these same nations again getting ready for war, wasting their resources, and again getting ready to destroy the lives of their citizenship.

I am not a pacifist. I believe in an adequate and proper national defense. I believe in the best Army and the best Navy and the best air force of any nation in the world, but I also believe that we should be the slowest Nation in the world to think of war or to engage in war except for the purpose of repelling an actual invasion.

The mothers of America demand that they be recognized in determining whether their sons shall be used for cannon fodder to satisfy a national emotional outburst. The women of America have been given the ballot. The women of America are voting, and the women of America demand that the United States shall never engage in another war until all of the citizens by their direct ballot shall indicate their approval or disapproval of the contemplated declaration of war.

I appeal to the committee for favorable action on House Joint Resolution 167. I appeal to our American women to support this very meritorious measure; and when it becomes law—and I hope it will be made law at this session of the Seventy-fourth Congress—I request all women to take a genuine interest in the administering of this law in order to prevent the horrors of another war.

I thank you.

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR COLLEAGUE: I have your letter, together with House Joint Resolution No. 167. I am in favor of this resolution, but believe that the Congress of the United States should provide a sufficient Army, Navy, and air force to repel any aggression which might be made on our country. This in my judgment is the greatest preparation against war.

Yours sincerely,

MORGAN G. SANDERS, M. C.

STATEMENT OF HON. GLENN GRISWOLD, MEMBER OF CONGRESS, FIFTH DISTRICT OF INDIANA

Mr. Chairman and members of the committee, I am highly pleased to be able to use any influence that I may have in support of the resolution of my colleague, Mr. LUDLOW, of Indiana, now pending before your committee. By this resolution our entry into war would not be decided by the vote of a few of we old men here on the floor of the House and the Senate, but under his resolution some voice would be given to those who will be required to fight our wars and who now have no voice in creating the war to which they must give their time, effort, and in many instances their lives.

In my opinion, there are just two causes of war—the avariciousness of the rich and the patriotism of the poor. Without these two factors working in conjunction there would be no war. When Congress votes a declaration of war the next thing to do thereafter is to determine who shall fight the war. In the past the Membership has gazed at one another and discovered that the vast majority of the Members of the House were beyond 45 years of age and immediately reached the conclusion that the actual fighting should be done by men under 45 years of age. I submit that this is not fair nor just. We older men, by our votes, shove the young men into the battle line.

A few days ago, during the Shrine Convention, I, with thousands of others, viewed the parade. Band after band and unit after unit passed with its flags. Each time a flag passed I noticed that the Boy Scouts, who were acting as ushers in the grandstand, stood at attention and saluted. I was proud of those boys and their evidence of patriotism and respect for the flag, standing each time almost alone, while we, their elders, remained seated. But I was deeply moved when I thought that in later life when these boys would have grown into their very prime that that same spirit of patriotism might force them, because of a vote of Congress, into the front lines, to become cannon fodder and crippled by devastating gas.

We talk much of the cost of war in dollars. I am interested more in the cost of war that cannot be measured in dollars—the cost of war that is evidenced in the loss of brain power to the Nation. In my district is located, at Marion, Ind., the largest Veterans' Bureau mental hospital in the United States. If you would know the greatest cost of war, then you should view the dead minds in living bodies that reside in that hospital.

In this, a government of majorities, in such a vital thing as war, I think it is just and right and proper that the men who are to suffer the loss of their minds, the men who are to have twisted bodies as a result of the war, and the parents who must bear the anguish and torture of awaiting the casualty list should have some vote in the declaration of war.

I sincerely hope that the committee can see fit to make a favorable report to the House on the resolution of Mr. LUDLOW.

WASHINGTON, D. C., *July 3, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: I heartily approve of House Joint Resolution 167, introduced by you in the House of Representatives. I shall be glad to support the resolution with my vote.

Faithfully yours,

JOHN STEVEN MCGROARTY, M. C.

WASHINGTON, D. C., *July 9, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

MY DEAR MR. LUDLOW: Thank you for your letter of June 29, with enclosed copy of House Joint Resolution No. 167, which you introduced, proposing an amendment to the Constitution of the United States with respect to the declaration of war and the taking of property for public use in time of war.

I have long been an ardent advocate of peace, and you may be sure that your resolution will receive my most careful and serious consideration.

With high regards, I am
Sincerely yours,

JOSEPH P. MONAGHAN, M. C.

WASHINGTON, D. C., *July 11, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

DEAR CONGRESSMAN: I have for acknowledgment receipt of your letter of June 29 relative to your resolution, House Joint Resolution 167, and in answer thereto wish to state I will be glad to lend all possible aid in furtherance thereof and have so written to many of my constituents who have addressed me on the subject.

Again assuring you of my support, I am
Very sincerely yours,

M. H. EVANS, M. C.

WASHINGTON, D. C., *July 10, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives.

MY DEAR COLLEAGUE: I have your letter of recent date enclosing a copy of House Joint Resolution 167. In reply, permit me to state that I am in sympathy with the major portion of the resolution and believe if enacted it would be for the benefit of the country as a whole.

Very truly yours,

WILLIAM L. HIGGINS, M. C.

WASHINGTON, D. C., *July 10, 1935.*

Hon. LOUIS LUDLOW, M. C.,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: Please accept my thanks for a copy of House Joint Resolution 167, proposing an amendment to the Constitution of the United States with respect to the declaration of war and the taking of property for public uses in time of war.

To my mind there is much to recommend the resolution, and you are to be commended for having introduced it. I trust that it will be favorably reported by the committee and brought up on the floor of the House for general discussion.

Sincerely yours,

GEORGE BURNHAM, M. C.

WASHINGTON, D. C., *July 11, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR COLLEAGUE: My attention has been called to House Joint Resolution 167, introduced by you on February 14, 1935, proposing an amendment to the Constitution of the United States with respect to the declaration of war and the taking of property for public use in time of war.

In view of international developments in recent years, I feel that this resolution is very timely and should be passed and submitted to the States for ratification. If you and your friends are successful in getting this resolution made a part of the organic law of our Nation, I feel that you will have rendered a major service to humanity and civilization.

The world looks to America as to the preserver of the highest ideals of our civilization, and the passage of this resolution would be a step in that direction.

I assure you that I shall be glad to cooperate with you in your efforts to bring about the passage of this resolution. I have received some very interesting letters calling my attention to the merits of your resolution, and I am sending you copy of a letter from my old friend and teacher, Dr. W. S. Dearmont, of Lafayette, La., for your inspection.

Very sincerely yours,

ORVILLE ZIMMERMAN, M. C.

WASHINGTON, D. C., *July 1, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

DEAR COLLEAGUE: This will acknowledge receipt of your letter dated June 29, with enclosed copy of House Joint Resolution No. 167.

Although I am ordinarily slow to endorse changes in the Constitution of the United States, I can see the merit in your proposed amendment. I believe if same were made a part of our Constitution, that the possibility of war would be greatly decreased.

Your proposed amendment has my approval and you have but to command me for any assistance I can render in support of same.

Yours truly,

WILL ROGERS, M. C.

WASHINGTON, D. C., *July 2, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

DEAR COLLEAGUE: Received your letter, enclosing House Joint Resolution No. 167. I have gone over same, and can assure you that the farmers generally will back up section 1.

There may be some difference of opinion on section 2, because the majority of the farmers, I believe, feel that wealth should be conscripted on the same terms and conditions as men: take and use it during the war, and return what is left of it after the war. They feel if this were done, there would be less war.

I am satisfied that the overwhelming majority of the people of this nation are in favor of a constitutional amendment along the lines of your bill. Shall be glad to cooperate with you.

With personal regards, I am

Very truly yours,

WILLIAM LEMKE, M. C.

WASHINGTON, D. C., *July 2, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives.

DEAR COLLEAGUE: I am definitely in favor of any plan to insure peace in this country.

The plan to remove the profit incentive from war will dissuade many of our war makers from further activities, I am sure.

Very sincerely yours,

THOMAS R. AMLIE, M. C.

WASHINGTON, D. C., *July 5, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: I am in receipt of your letter of June 29 regarding House Joint Resolution No. 167, designed for the purpose of minimizing the possibility of America being dragged into war.

I do not see how any well-meaning person could be opposed to a resolution of this sort. I know that the rank and file of American people believe in that kind of doctrine.

You may be assured of the fact that I shall give your proposition my endorsement.

With best wishes, I am

Very sincerely yours,

SAM MASSINGALE, M. C.

WASHINGTON, *July 9, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: I have read with a great deal of interest your letter and the attached joint resolution.

I think you have found, and have in good form, the only method that will prevent us from entering a foreign war. I am in hearty agreement with your proposal, and wish to give it my unqualified support.

Sincerely yours,

PHIL FERGUSON, M. C.

WASHINGTON, D. C., *July 6, 1935.*

Hon. HATTON W. SUMNERS,
Chairman Committee on the Judiciary,
House of Representatives, Washington, D. C.

DEAR CHAIRMAN SUMNERS: I wish to be recorded as being heartily in favor of House Joint Resolution No. 167, introduced by Representative LOUIS LUDLOW as a means of keeping America from being dragged into unjustifiable wars. I believe it is the best proposal that has been brought forward to accomplish that end. I believe that those who have to bear the awful burdens of war and those who have to do the suffering, the fighting and the dying, if need be, should have the right to say something in regard to whether or not war shall be declared, and Mr. LUDLOW's resolution seeks to give them that right. I believe the people of America want this resolution passed.

WILLIAM F. BRUNNER, M. C.

WASHINGTON, D. C., *July 3, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

MY DEAR MR. LUDLOW: I am in sympathy with the purposes of your House Joint Resolution No. 167. I believe that the statesmanship of America cannot devote itself to any more worth-while project than the minimizing of the danger of America going into another war. The jingoists and the superpatriots have so much power now that it certainly would be well to guard against their baneful use of it in case of the imminence of another war.

Sincerely yours,

FRED BIERMANN, M. C.

WASHINGTON, D. C., *July 3, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR COLLEAGUE: I am pleased to acknowledge receipt of your letter of June 29 relative to the resolution introduced by you known as "House Joint Resolution No. 167."

While it is generally agreed that war should be abolished and while sober thinkers realize that there is little possibility that any nation of the world not under the control of madmen would attempt armed invasion of another in the near future, it is too much to hope that another terrible world conflict is not inevitable. No, of course, we do not want war, but we cannot help but recall the post-war remark of that war-time English statesman, Lloyd George, who said: "No country really wanted war in 1914 but we gradually slid into it."

No country really wants war today but once the conflagration starts and patriotism is fired up with martial music and propaganda the demands of the mass of people will be such that sober reflection and calm judgment will be forced to give way to the feverish desire to annihilate the enemy. War is inevitable; even with all of its gruesome aspects, its vile frightfulness and brutality forever engraved on the minds of those who participated in the last one; with the horrors of human conflict, murderous and fatal, dimmed by a few intervening years, those who yesterday swore they would never again bear arms will be among the first to come forward to fight to the tune of "save democracy" or "down with tyrants" or another catch phrase of like ring.

Why is war inevitable?

While the answer to this question may easily be complicated by examination of historical precedent, it finally narrows down to the bare fact that the cause of war is economic, and as long as the ambitions of men direct them toward progress in trade and commerce just so long will the desires of the nationals of one land conflict with those of another and ultimately lead to inhuman warfare among humans. The inception of war is motivated by the desire for human gain, in the first instance, and is always followed by a synthetic patriotism, fostered and nurtured into the actual and necessary patriotic fervor which is the prerequisite of the murder and suicide of war. This, we well know. We also know that when war is imminent these facts are obscured as reason vanishes in the face of blind unreason.

Even in peace time we appear to find it difficult to get together on methods of minimizing war hazards. I am supporting the Ludlow House Joint Resolution 167, because it is designed to take the profits out of war and to obtain a referendum of the people as to whether or not they favor or disfavor our entering into conflict. I believe the people should rule. I heartily endorse the Ludlow movement.

Very truly yours,

JOHN M. HOUSTON, M. C.

WASHINGTON, D. C., *July 11, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR COLLEAGUE: The more I study history the more I become convinced that war is international insanity. I am wholeheartedly

in favor of any action on the part of our Government which would tend to prevent war.

I believe that most wars could have been avoided if the people involved had been given the power to declare war or to insist on peace at their discretion. All too often diplomats and foreign ministers are more interested in fame than in the public welfare, and nations are forced into war against their will in order to satisfy some politician's appetite for empty glory.

Democracy is repudiated when the people are denied a voice in times of greatest crisis. Under true democracy the people themselves would decide every vital issue on its merits. Your resolution (H. J. Res. 167) is a long step toward the attainment of true democracy, and I will cooperate with you in every possible way to bring about the adoption of this resolution during the present session of Congress.

Very truly yours,

ABE MURDOCK, M. C.

WASHINGTON, D. C., *July 3, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: I think it is well to give serious thought to House Joint Resolution 167, which you are sponsoring in the House. I believe our people are daily becoming more conscious of the awful costs of war and of the need for aggressive action toward preventing further world conflagrations with their attendant human sacrifice and suffering.

Recently, I presented to the House a petition signed by several thousand of my constituents and filed through the Morning Call, of Paterson, N. J., calling for a constitutional amendment embracing substantially the article you propose.

With kindest personal wishes, I remain

Very sincerely yours,

GEORGE N. SEGER, M. C.

WASHINGTON, D. C., *July 1, 1935.*

Hon. LOUIS LUDLOW,
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN LUDLOW: I have read House Joint Resolution 167 and your remarks very carefully, and I want you to know that you can depend on whole-hearted support in this matter.

Certainly those that have to do the fighting and suffering should have something to say as to whether or not war should be declared.

With kind personal regards,

Sincerely yours,

B. M. JACOBSEN, M. C.

WASHINGTON, D. C., *June 19, 1935.*

Dr. J. J. BUCHANAN,
Mercy Hospital, Pittsburgh, Pa.

DEAR MR. BUCHANAN: Your communication of 17th instant received, and I assure you that I favor Hon. LOUIS LUDLOW's proposed constitutional amendment and will add my humble efforts in attempting to put it through.

Pleased to hear from you. Kindest personal regards.

Sincerely yours,

JAMES L. QUINN, M. C.

UNITED STATES SENATE,
February 13, 1935.

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR MR. LUDLOW: While intensely interested in the plans of yourself and others, to reduce the danger of our country being drawn into more war, it has been a resolve of members of our Munitions Committee to refrain from endorsement of any specific program. We are hopeful that upon completion of our pending investigation we shall be able to get together on a specific program. I hope you will understand the purpose which is mine in refraining from giving direct endorsement to any plan. I can say to you, however, that I look with very large personal favor upon any program which would give the people a direct voice in the question of whether or not our country should engage in war.

I had a delightful experience out at your city last week, and want to thank you again for the encouragement which your interest gives us in continuing our study of the munitions question.

Sincerely yours,

GERALD P. NYE,
Chairman Special Committee Investigating the Munitions Industry.

WASHINGTON, D. C., *June 18, 1935.*

Dr. J. J. BUCHANAN,
Mercy Hospital, Pittsburgh, Pa.

MY DEAR DR. BUCHANAN: This will acknowledge receipt of your communication dated June 17, relative to House Joint Resolution No. 167.

Kindly be informed that it is my intention to not only support the above-mentioned bill but also to speak favorably on it tomorrow.

With best wishes, I am

Very truly yours,

MATTHEW A. DUNN, M. C.

WASHINGTON, D. C., *July 15, 1935.*

Hon. LOUIS LUDLOW, M. C.,
House Office Building.

DEAR LOUIS: Some days ago I received a letter from you, together with copy of House Joint Resolution No. 167.

I have had many letters from Indiana asking me to support this resolution, and when you get ready, if there is anything I can do, shall be glad to have you tell me.

Respectfully,

JAMES I. FARLEY, M. C.

WASHINGTON, D. C., *July 13, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR COLLEAGUE: Your Joint Resolution 167 proposing something which I have for years advocated—a referendum on war. I conducted the first congressional referendum on war as a Member of Congress in 1916, and found my constituents about 8 to 1 against America's entry into that foreign conflict.

I am certain that a referendum on war is one of the best possible methods of preventing our participation in foreign conflicts.

Sincerely yours,

ERNEST LUNDEEN, M. C.

Keep out of the League of Nations, the World Court, and European entanglements in general. Trade with all—friends with all—entangling alliances with none. That is the Washington-Jefferson formula to keep out of war.

WASHINGTON, D. C., *July 15, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: Just a word to let you know that I will be glad to cooperate with you in your House Resolution 167. I do not know the details of it, but will leave it to your good judgment.

Sincerely yours,

J. BUELL SNYDER, M. C.

WASHINGTON, D. C., *July 16, 1935.*

Hon. HATTON W. SUMNERS,
Chairman Judiciary Committee,
House of Representatives, Washington, D. C.

MY DEAR CHAIRMAN: I desire to go on record approving House Joint Resolution No. 167, which proposes an amendment to the Constitution, with respect to providing the people of the country the right to approve or disapprove a declaration of war.

This is a most meritorious piece of legislation and its passage, I am confident, will prevent many needless conflicts, with their resultant loss of lives and destruction of property. The people, who must suffer any losses incurred in armed conflict, should possess the privilege of plunging our Nation into warfare, or preventing us from entering into war.

With many foreign nations excited about anticipated conflicts, it is of even greater importance for us to remain calm and unaffected by the tangled political situations remarked in other countries. The citizens of this country disapprove foreign invasions by our armed forces, and I believe the acceptance of this measure would do much to prevent any unwarranted entrance into foreign disturbances.

Sincerely yours,

HENRY E. STUBBS, M. C.

WASHINGTON, D. C., *June 18, 1935.*

Dr. J. J. BUCHANAN,
Mercy Hospital, Pittsburgh, Pa.

DEAR SIR: I have your letter of June 7 calling my attention to House Joint Resolution 167. I think that amendment has merit, and I see no good reason why it should not be adopted.

With kindest regards, I am

Very sincerely yours,

CHARLES R. ECKERT, M. C.

Hon. LOUIS LUDLOW,
Washington, D. C.

DEAR MR. LUDLOW: I am very earnestly in favor of your House Joint Resolution No. 167. It proposes the most effective plan to keep America out of war. Command me in any way I can serve.

Sincerely,

JAMES A. FREAR,
Former Member of Congress.

WASHINGTON, D. C., *July 15, 1935.*

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN LUDLOW: Your effort to secure the passage of legislation giving the people of the Nation the privilege of referendum on any proposed declaration of war is a public service for which you deserve the highest commendation.

What reasonable argument can be offered against the proposition that the people who do the paying and the dying should have the privilege of declaring whether there shall be war?

Give the people an opportunity to vote for or against a declaration of war and much of the war propaganda and war hysteria inspired by the profiteering patrioteers will be ineffective.

The Congress of the United States can render no greater service to the Nation than to approve legislation permitting the people to settle the war issue at the ballot box.

Sincerely yours,

BROOKS FLETCHER, M. C.

THE UTILITY HOLDING-COMPANY BILL

Mr. WEARIN. Mr. Speaker, my colleague, the gentleman from Iowa [Mr. EICHER], would like to have unanimous consent to extend his remarks in the RECORD and to include therein one or two short letters.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. EICHER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter received by me from Hon. SAMUEL B. PETTENGILL and my reply thereto:

HOUSE OF REPRESENTATIVES,
August 17, 1935.

Mr. EDWARD C. EICHER,
House of Representatives, Washington, D. C.

DEAR MR. EICHER: I have read the personal attack made by you upon Mr. HUDDLESTON and me, as reported in the CONGRESSIONAL RECORD of yesterday.

I thought that you were a gentleman and that we were friends. Our relations this winter have been cordial. While disagreeing on certain aspects of the utility bill, we have done so with respect to the good faith of each other that should always be the conduct of gentlemen. Even during the debate we met frequently in the cloakroom and drank a cup of coffee together as friends. When you were stricken ill I wrote you a letter expressing my regret and the hope for your early return to duty, which was kindly acknowledged by your wife. At one time I received a letter from a newspaper publisher in your district very critical of you and replied by saying that, while you and I disagreed on some points of the bill, I was certain that you were sincere and actuated only by your conception of the public interest. I did this in the hope that it would do you some good in your own district and sent you a copy of the letter.

Now, some 6 weeks after the bill passed the House, you have seen fit to spread in the CONGRESSIONAL RECORD a personal attack. You stated, in substance, that I purposely prolonged the hearings and the executive consideration of the bill, for the purpose of giving the utility lobby time to emasculate and defeat the bill. This is the first occasion when my motives have ever been challenged by a colleague, in three sessions of Congress.

I am at a loss to know how to meet this attack. It raises the question of personal privilege, which thoroughly entitles me to answer it on the floor of the House. I will, however, be at a great disadvantage in attempting to do so when it is known that you are sick in bed and not present on the floor to defend yourself. I have, therefore, decided to make no public reply at this time to your false and groundless insinuations. I can only explain this sudden reversal of attitude toward me on the ground that you are sick, nervously exhausted, and have become the victim of Messianic hallucinations.

In the event, however, that it is intended by you or those you now represent for it to be seized upon by political enemies of mine for use as a speech or campaign document in my district, I am preserving the record by making this reply to you at this time, so that it cannot be charged that I did not answer it.

The charge of prolonging the hearings and the Executive consideration of the bill for the purpose of giving the lobby time to work is false. You know that it is false. You know that I was neither chairman of the full committee nor the subcommittee. You know that the control of time both in the hearings and the executive sessions was at all times in the hands of the chairman. You know that he could have shortened the time if he had wanted to. You know that you never protested in my presence at the length of the hearings or the length of sessions. You know that you never, in my presence, charged me with prolonging the hearings or the sessions. You know, too, that it was generally understood that the hearings and the executive sessions were prolonged by parties other than myself, for the purpose of giving the Senate an opportunity to act first. You know further, if your memory is good, that I often objected to the length to which the executive sessions were being dragged.

Now, a word about lobbying and your connection with it. I can only explain this holier-than-thou attitude so recently assumed by you on the ground that your illness has distorted your judgment. You know William Chamberlain, of Chicago, Ill., chairman of United Light & Power Co., with operating properties in your State and district. Who was it that introduced Mr. Chamberlain to me? It was yourself. You brought him to my office to give him an opportunity to explain to me the financial structure of his company and the harm which he anticipated would result from the enactment of the bill as originally drawn. From the conversation at that time it was indicated to me that you were sympathetic with the difficulties with which Mr. Chamberlain saw his company surrounded. The only time I ever talked with Mr. Chamberlain was in your presence and at your solicitation. I do not refresh your memory on this matter with a view that you did anything wrong in bringing one of your business constituents to me. I have never felt that there was anything wrong in people talking with Members of Congress with reference to pending legislation, provided it is confined to a fair presentation of the facts and argument entertained by the constituent.

I refer to this only to disabuse your mind of the hallucination you now entertain that you are the sworn enemy of the lobby.

How many more utility executives you consulted in the privacy of your office I, of course, do not know.

I will add one word further. Chairman RAYBURN, of our committee, told me today that he alone was responsible for the length of the hearings and the sessions; that I had nothing to do with their length, and that he will give me a letter to that effect to be used by me in my district in the event that the false charges made by you are circulated against me.

Very truly yours,

SAMUEL B. PETTENGILL, M. C.

AUGUST 20, 1935.

Hon. SAMUEL B. PETTENGILL,
House Office Building, Washington, D. C.

DEAR SAM: Your letter of the 17th instant has been received.

From the point of view of practical power, Chairman RAYBURN may accurately enough acknowledge responsibility for the length of our committee deliberations. But if he had shut off questions, or witnesses, or discussion, the charge that he was attempting to railroad his bill would have been strenuously, and no doubt effectively, urged, with injury to its chances of passage as great as actually occurred from the long delay. I don't concede your countercharge of dilatory tactics on the part of our chairman. In fact, I do not recall that any time was taken off on his own motion except 3 days over one week-end when he went to Texas by airplane to fill a long-promised engagement there.

The record of the House hearings tells its own story. I am quite willing to rest corroboration of my own conclusions upon the judgment of any impartial mind—even one that you are sure is not subject to Messianic hallucinations—which will make even a cursory examination of the interrogations and statements set forth therein.

However, it is difficult for me to fathom your seeming concern over my review in the CONGRESSIONAL RECORD of the bill's legislative history. I have repeatedly disclaimed any impugning of motives and have openly credited to you the same patriotic impulses that I claim for myself. Once convinced that a bill is against the public interest, certainly a legislator is justified in resorting to any legitimate means, dilatory or otherwise, to obstruct its enactment into law. If your ultimate position in favor of the continuance of far-flung holding-company systems is sustained by your best judgment, then you certainly have nothing to be ashamed of. You are even entitled to change your mind, as you did on the question of regulation through taxation, without having any reflection cast on your reason therefor, and I assure you that nothing of that sort is intended by me. But I insist that you cannot with reason be surprised when I register disappointment over your final attitude of indecision with regard to the "push and pull" taxation incentive for holding-company elimination, that during our long deliberations you had so enthusiastically and so ably sponsored.

Let me confess, also, to a feeling of surprise over your juvenile inclination to begin calling names because of my review of a record that speaks for itself. If the cause you espouse is just, it will prevail, and you will have no occasion to apologize for being its protagonist. If the country doesn't want any regulation of utility holding companies it will eventually say so. Regardless of the concessions that the President may make in order to get some kind of a law, common sense is convincing that Mr. Hopson and many others cannot be effectively regulated without mandatory or, at least, taxation-encouraged, simplification of financial structure.

I don't know why your remarks about lobbying stay so far away from the real sore spot. No fair mind can be critical of business executives who pass on to legislators their facts and figures as to how the proposed legislation will affect their business. But newspaper influence that is bought and paid for and misleading propaganda practiced on legislators is something else again. All who worry about the maintenance of a free press in our Republic should pause to consider whether a Hitlerized press or a Hopsonized press constitutes the greater threat to the survival of free institutions.

Although my colleague, Representative WEARIN, of Iowa, was denied unanimous consent to read my statement on the floor, you need not hesitate, Sam, so far as I am concerned, to ask for time for yourself, provided you include this interchange of letters in your remarks.

With kindest personal regards, I am,
Sincerely yours,

EDWARD C. EICHER.

REHABILITATION IN PUERTO RICO

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein certain documents in regard to the conditions of the island.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, under leave to extend my remarks in the RECORD and to include therein certain documents in regard to the conditions in Puerto Rico, I desire to begin by stating that when President Roosevelt issued his recommendations to the State works rehabilitation administrators he said in part:

This whole thing very largely will depend upon the close cooperation with local authorities everywhere—Governors, mayors, county officials, and various State agencies. It is a Federal administration program, and, of course, the Federal Government is ultimately responsible. You are responsible because you represent the Federal Government, and yet at the same time we cannot conduct it successfully unless we get cooperation and joint effort on the part of all the localities.

The second point I make is that we have to be extremely careful not to make any kind of discrimination. We cannot discriminate in any of the work we are conducting either because of race or religion or politics. Politics, so far as we are concerned, is out. If anybody asks you to discriminate because of politics you can tell them that the President of the United States gave direct orders that there is not to be any such discrimination.

TO TREAT ALL EXACTLY ALIKE

That applies both ways. It means we cannot hurt our enemies nor help our friends. We have to and will treat them all exactly alike. In carrying out this work consider it purely and solely from a human point of view. Do everything you can to prevent the use of political consideration, one way or the other.

These thoughts also are supposed to apply to Puerto Rico, where Dr. Ernest Gruening has been appointed administrator by Executive order. On that occasion the White House gave out the following press release:

The President today signed an Executive order establishing the Puerto Rico Reconstruction Administration to carry out in a coordinated way all reconstruction work in Puerto Rico under the Emergency Relief Appropriation Act of 1935. He designated Ernest H. Gruening as administrator. The Reconstruction Administration approved projects for Puerto Rico on the basis of a program that has been formulated.

To avoid overlapping of the activities of the Puerto Rico Reconstruction Administration and the normal duties of the insular government and to coordinate their respective functions members of the Reconstruction Administration and of the insular government will form a coordinating committee. This committee will be headed by the Governor of Puerto Rico and will consist of the Governor as chairman, members selected by him from the executive and legislative branches of the insular government, and an equal number designated by the Reconstruction Administration.

ECONOMIC CONDITIONS IN PUERTO RICO

The discussion of H. R. 8621 and its companion bill, S. 3140, entitled "To provide that funds allocated to Puerto Rico under the Emergency Relief Appropiration Act of 1935 may be expended for permanent rehabilitation, and for other purposes", which took place on the floor of the House—several declarations were made that require some explanation.

It has been stated that the administration was interested in the passage of the measure in the House, as it had passed the Senate, and, in order to add some more information on the subject matter regarding conditions in Puerto Rico for the use of the Members of the House, it would be appropriate, I think, to have inserted in the RECORD the introduction of a report prepared by the Puerto Rico Policy Commission, presided over by the dean of the University of Puerto Rico, Dr. C. Chardon, who has spent 6 months in Washington on this work in the office of the Director of Territories and Island Possessions, Dr. Ernest Gruening, Department of the Interior. The introduction of said report is as follows:

REPORT OF THE PUERTO RICO POLICY COMMISSION

INTRODUCTION

The economic problem of Puerto Rico, insofar as the bulk of its people is concerned, may be reduced to the simple terms of progressive landlessness, chronic unemployment, and implacable growth of the population.[1] A policy of fundamental reconstruction should therefore contemplate the definite reduction of unemployment to a point at least where it may be adequately dealt with by normal relief agencies; the achievement of this largely by restoration of the land to the people that cultivate it and by the fullest development of the industrial possibilities of the island. These achievements will be unavailing, however, if population growth cannot be checked or at least reduced. This last factor is of very great importance, because even if a parity between population and employment—as to farming or to industrial jobs—can be approximately achieved, it cannot be maintained unless the rate of population growth can be kept within the scope of further economic development. It therefore seems to be highly desirable, probably imperative, that a land restoration and industrial development program, combined with a policy of emigration to suitable environments, be fully worked out as soon as possible. The carrying out of these programs should then progress as rapidly as the means at hand and the nature of the specific problems presented may determine.

For purposes of illustration we may take the unemployment figure arrived at by the local offices of the Federal Emergency Relief Administration. It is estimated by that office that there are in Puerto Rico not less than 150,000 heads of families permanently unemployed. This covers roughly about half the population. A study of the possibilities should determine what proportion of these may be absorbed over a period of years by the maximum industrial development as determined by present knowledge and conditions. The unemployment remaining beyond such possibilities of industrialization must obviously be taken care of by the return of the land in small farms to agricultural workers and by emigration that will provide employment in other regions. Although a scientific scheme of birth control should be part of any far-sighted policy for Puerto Rico, it cannot be hoped that it will be socially effective until the standard of living, and therefore the sense of responsibility of the mass of the population, has been substantially improved. It will probably be effective in keeping the rate of growth down in the future after the improvement brought about by economic reconstruction has begun to be felt by the population as a whole.

INDUSTRIALIZATION

We are not in a position to make very specific recommendations as to development of new industries, as this is a subject that has not been surveyed in Puerto Rico as adequately as it should have been. We have, of course, plenty of labor, and such small industries as have managed to be founded and to survive to date seem to demonstrate that the Puerto Rican worker is easy to train in new trades and vocations. We have already developed about 100,000,000 kilowatt-hours of electric power, and the potentialities are probably double that figure. We have local cheap raw materials such as final molasses for rum manufacture and possibly for the manufacture of motor fuel; bagasse for rayon and building materials; limestone and clay for cement manufacture; sea island cotton for the manufacture of certain textiles, etc. Within economic distance of Puerto Rico raw materials are found, such as wood in Santo Domingo, hides in Venezuela and Texas, etc., which may be processed into finished products by Puerto Rican industry; and, of course, we have agricultural products, both animal and vegetable, to be processed and preserved. It may be feasible to develop other industries which, like the art linens, hand embroideries, and garment industries, require from Puerto Rico only the contribution of its labor, skill, and management.

In determining upon an industrialization policy for Puerto Rico, perhaps the local market should be considered as the first goal in many cases, though facilities should be provided for the development of industrial exports. Many of the goods now imported into Puerto Rico can and should be produced on the island.

With these general purposes in view, so far as industrialization is concerned, we believe that the following steps would be necessary:

Cheapening industrial credits by extension of all possible facilities now within the scope of the Reconstruction Finance Corporation.

The assessment of a high income tax, to be abated if invested in new industries, determined by the Government under conditions laid down by the Government—and this should include employment conditions—so as to throw a substantial part of local capital available into channels of planned development. Industries should be selected on two main principles: Availability of markets and preponderance of pay roll in operating costs.

The protection of the local market by a local tariff. In order to avoid the possibility that such a tariff will develop into an instrument of exploitation, it could be set up on the condition that the industries protected would be regarded as public utilities insofar as the limitation of profits is concerned, perhaps allowing them the choice between no protection and no limitation on the one hand and protection and limitation on the other. A local tariff would also serve as a lever for opening up external markets both to the products of Puerto Rican industry and Puerto Rican agriculture.

LAND

The policy of crop reduction brought about by the Sugar Act will probably prove beneficial to Puerto Rico, independently of the current need for stabilization of the American sugar market; and it will probably also prove a valuable contribution to a more rational Caribbean economic policy in its relations to United States. It must be borne in mind, however, that a program of reconstruction for the island begins with the handicap of a sudden reduction of 150,000 tons of sugar with a value of about $9,000,000, which will increase the number of unemployed by approximately 15,000 workers. It seems very desirable, therefore, that compensation for these immediate losses be made in the form of permanent reconstruction and not merely as transitory benefit payments. The plan submitted herewith proposes to invest the money available for compensation in the purchase of cane lands and sugar mills, the land so acquired to be given in exchange for marginal cane lands, and from the farms now occupying such lands cane would be retired and subsistence homesteads would be set up in them. The farmers in the marginal cane lands would thus be compensated by receiving good cane lands in exchange in equitable proportion, and the workers left without employment by cane retirement would receive the homesteads. These subsistence homesteads would be large enough to provide for a small cash crop, as the

[1] Appendix A shows the appalling increase in population, with an increase in birth rate from 20.4 to 39.0 in 25 years and a decrease in death rate of 36.7 to 23.4.

workers acquiring them would not have opportunity to earn wages in industry under immediate conditions. This accomplishes the maximum purposes of compensation for sugar reduction. But it simultaneously accomplishes much more. In the first place, compensation in land is socially sounder than compensation in cash, which may be misspent, possibly making the recipients again dependent upon the community. In the second place, the cane reduction would be permanent instead of transitory. In the third place, the sugar mills acquired in the public interest would function as processing and marketing centers and possibly serve as a competitive yardstick to establish more equitable return to cane growers and cane workers throughout the industry. This redistribution of income from the industrial to the agricultural factor in sugar production would not only encompass long-delayed economic justice to farmers and workers, but it would also actually retain in the island a large proportion of the millions that now flow out each year in the form of excess absentee profits.[2] Estimating the amount thus retained on the island at the conservative figure of $6,000,000 a year, this sum alone would cover the pay roll of not less than 15,000 workers at substantially higher wages than those now obtaining. This is, again, a conservative estimate. To this should be added the economic activities stimulated by the circulating velocity of the worker's dollar. The balance sheet of the policy suggested would be, in tentative figures, as follows:

Reduction in employment caused by reduction in sugar	15,000
Workers that would derive their livelihood out of subsistence farms set up in formerly marginal cane lands, about	17,000
Workers employed through the retention in the island of $6,000,000 of absentee profits	15,000
Net reduction in unemployment	17,000

It is estimated in our sugar plan that this result can be brought about by an expenditure of an amount approximately equal to the Puerto Rican processing tax over the 3-year period specified by the Jones-Costigan Act.

Even after this substantial achievement, the bulk of the Puerto Rican problem would remain before us. Probably not more than 50,000 workers could be absorbed by the most complete industrialization that can now be envisaged. Adding this highly speculative figure to the somewhat tentative total figure of 17,000 already set down as the number of laborers possibly employed by the operation of the sugar policy, we have a total of 67,000 to be subtracted from the total figure of the unemployed, and that not immediately but over a period of time. As the Emergency Relief Administration's estimate of our unemployment, counting heads of families alone, is given as 150,000, we would still have before us the task of taking care of 83,000 workers. This must be accomplished, to a great extent, through coffee, fruit, and tobacco rehabilitation, but mainly through emigration and through further homesteading. The adoption of an intensive system of coffee cultivation, as proposed elsewhere in this report, will give employment to 10,000 additional workers. The proportion to be taken care of by emigration on the one hand and by the land policy on the other would have to be determined after specific knowledge of emigration possibilities to suitable regions had been acquired.

In connection with the sugar policy here suggested, and with the general land policy, it would seem necessary to enact promptly adequate legislation prohibiting corporations, partnerships, and individuals from purchasing or otherwise securing ownership of any land the acquisition of which would push their holdings beyond the limitation of 500 acres. This restriction has existed in the Organic Act of Puerto Rico since 1900 as regards corporations. Having had no teeth or any attorneys general interested in enforcing it, this provision of the Jones Act has been either cunningly evaded or entirely disregarded. There would probably be grave danger to the economic stability of the island in an attempt to enforce this land-ownership limitation suddenly and universally; but a future restrictive policy extensive to partnerships and individuals, as well as to corporations, is absolutely necessary in connection with the suggested policy of establishing public centrals, which may eventually be used as a yardstick to assure a fair deal to the colonos and workers of the island. The reason is this:

Centrals today own on an average 60 percent of the cane they grind, 40 percent being produced by farmers. By the operation of the yardstick principle, it is intended that the farmers obtain full equitable return for the cane they supply to the mill. The mill, however, would continue to derive the full return from their own administration cane. There would be considerably more profit for the mills in their owning the land than in their buying the cane from the farmers. Therefore the danger would be present of the mills tempting the farmers with large offers to sell their land to them, and thus the effect of the public centrals acting as yardsticks to compel the retention on the island of wealth produced on the island would be invalidated.

COFFEE

Coffee is, from the point of view of social welfare, a very desirable crop for Puerto Rico. It is now in ruins due to hurricanes, low prices, and lack of credit facilities. Its production in the past has often reached half a million quintels. It is now 90,000 quintels. Every effort should be made to rehabilitate this industry.

[2]Appendix B shows how in a normally good year like 1927–28, in spite of an apparently favorable balance of $14,688,000, the net deficiency of the international income account was $10,367,000.

In stating that coffee is a very desirable crop for Puerto Rico, we are considering the following factors:

It is the only agricultural product of the island which can be classed as unsurpassed in quality, being considered as a luxury product in European markets; it is not dependent upon the tariff policies of the United States; land is more evenly distributed in coffee than in any other crop; fruit and food crops can be grown simultaneously with coffee; growing under shade, its land coverage has an important effect on water run-off and consequently on forestation and on hydroelectric power; it does not compete with any product of the United States.

From a social and technical point of view coffee rehabilitation requires: Cheap hurricane insurance; cheap production credits; cheap fertilizers; reforestation, development of seedbeds, to make the present recovery and future recoveries from hurricanes as rapid as possible; and some provision whereby coffee laborers will receive the use or the title to homes and to small acreages in exchange for labor paid for from reconstruction funds. The coffee growers are now in such distressed financial condition that they can hardly cover pay rolls; coffee laborers, landless, jobless, are subject to charity relief.

Coffee needs also an effective educational campaign which would bring about the adoption of an intensive system of cultivation and fertilization, resulting in increasing the crop output, reducing its cost, and giving more employment.

From the commercial viewpoint every effort should be made to regain the markets temporarily lost through shortage of production. Trade agreements in favor of Puerto Rican coffee, negotiated by the State Department, with Italy, Spain, France, Germany, etc., would probably assure the recovery of the markets that Puerto Rican coffee has lost. While endeavoring to increase production to its former level, provision must be made for marketing.

CITRUS FRUITS

A very prosperous citrus-fruit industry was developed in Puerto Rico in recent years, chiefly by continental Americans. This group, which has made a substantial contribution to the Puerto Rican economy, and to our farming and cooperative methods, should receive all possible aid in a reconstruction program. Their chief needs at present are similar to those of the coffee growers. Excessive shipping costs, however, probably affect the fruit growers more disastrously than any other agricultural group.

TOBACCO

Tobacco is another Puerto Rican crop that has always enjoyed a certain quality reputation. This reputation has been considerably impaired of late through a number of factors involving the technic of manufacture and marketing. The present acreage-reduction program seems to be working well. Besides the common needs of all Puerto Rican agriculture, already mentioned in regard to other crops, perhaps the most important steps that can be taken in favor of tobacco would be the strengthening of cooperative facilities and the establishment of a central selling agency. Research work for the improvement of varieties and cultural procedures is also greatly needed.

The increase in employment arising from the rehabilitation of coffee, tobacco, and citrus fruits would be, of course, deducted from the number of the unemployed that cannot be dealt with in any way save emigration.

EMIGRATION

There are many Puerto Ricans successfully earning their living in the continental United States, in Santo Domingo, and in the Virgin Islands. Organized emigrations, however, have in the past proved generally unsuccessful. This may, perhaps, be attributed to the fact that similar environments and suitable conditions have not been sought in the past for organized emigrations. Contingents of Puerto Ricans have been taken as workers to Georgia, Arizona, and Hawaii. Of these emigrations only the one to Hawaii has proved partially successful, and that perhaps may be attributed to certain similarities in working conditions and environment.

Emigration, however, may eventually become imperative in any well-coordinated policy to improve economic conditions in Puerto Rico. Possibilities should be explored as to mass colonization projects in underpopulated regions of tropical countries similar to Puerto Rico, not only in climate but also in language, religion, racial stock, traditions, and culture.

These emigrants should go to settle farm lands, not to be exploited as wage laborers. It would probably be very helpful if part of their home organization and environment could be carried with them—priests, ministers, school teachers, social workers who would be known to them, and, perhaps, general supervisors, natives of Puerto Rico, who might be vested for a time with the rank of United States consular officials. Santo Domingo, Cuba, and Costa Rica are suggested as the neighboring countries which have underpopulated regions and which afford conditions more closely approximate to those obtaining in Puerto Rico. Venezuela and Brazil may be tried also. We understand that outside labor will be needed in the construction of the Pan American Railway through Central America, and that laborers will be given an opportunity to settle land along the line. Puerto Rican laborers could well be employed and subsequently settled in connection with this project.

* * * * * * *

The suggestions and recommendations contained in this report are predicated upon our conviction that the United States, under

the present administration, will at all times place the welfare of the Puerto Rican people above the interests of particular groups and that the only interest that must be recognized as deserving special preference in the premises is the prestige of the American Nation as a whole in connection with the development of a rational and equitable economic policy in the Caribbean. As a result of the plans suggested, it is probable that the United States would temporarily lose perhaps as much as 15 percent of its trade with Puerto Rico. This would mean, by present figures, a loss of perhaps $10,000,000 a year to American exporters.[3] An increase in employment and prosperity in Puerto Rico would be likely to more than cover this temporary loss in a number of years, through an increase in our purchasing power which will immediately result in increased trade with the mainland. But even assuming that it would not be covered, it must be borne in mind that Puerto Rico is headed toward a major social catastrophe, which can hardly be postponed for more than 20 years unless something fundamental is accomplished. The issue, therefore, is as between the possible loss of several millions to American exporters and the practical certainty of social chaos in Puerto Rico. Quite independent of the fact that such chaos would entail a much greater economic loss to the United States, but purely as a problem in responsibility and humanity, there can be little doubt as to how the American people would wish such an issue to be decided, or as to how a high order of American statesmanship, once convinced of its reality, will decide it.

THE LAND PROBLEM OF PUERTO RICO

Apparently the land problem of Puerto Rico has resulted in the transfer of one attorney general to another position and the induction of another to that office. In connection with this problem, I desire to call attention again to certain declarations of Secretary Ickes:

FEBRUARY 20, 1935.

Hon. SANTIAGO IGLESIAS,
House Office Building, Washington, D. C.

MY DEAR COMMISSIONER IGLESIAS: I have learned, with interest, of the action of the Puerto Rican Senate in resolving by a unanimous vote to request me to cause quo warranto proceedings against the Eastern Sugar Associates to be instituted, and that this message has been sent to you by the Honorable Rafael Martinez Nadal, president of the Senate of Puerto Rico.

I am happy to inform you that on January 4 instructions were sent to the Governor of Puerto Rico to order the attorney general to proceed to bring a quo warranto against the Eastern Sugar Associates for violation of the joint resolution of May 1, 1900.

I also note the Senate's recommendation that similar proceedings be instituted against other entities which have likewise acted in violation of the act of Congress of May 1, 1900, prohibiting the holding of lands in excess of 500 acres. I think we may safely assume that the Government's action against the Eastern Sugar Associates will aim to establish a precedent to be followed thereafter.

Likewise, I note the request of the Puerto Rican Senate that in these proceedings special attorneys be appointed who are in sympathy with the intent which inspired the Senate of Puerto Rico to approve said resolution. This matter will have my consideration.

Sincerely yours,

HAROLD L. ICKES.

The Secretary of the Interior, the Honorable Harold L. Ickes, issued the following press release which in effect is the following:

As far back as 1900, Congress approved a resolution limiting land ownership by agricultural corporations in Puerto Rico to 500 acres of land. This limitation also is embodied in the present Organic Act of Puerto Rico, enacted by Congress and approved March 2, 1917. The purpose of the resolution is clear in itself, and is rendered clearer by debates it occasioned in Congress in 1900.

Puerto Rico is a small agricultural and overpopulated island. The soil is the basic security of its population. This system of intolerable exploitation, the concentration of land into the hands of limited ownership, must be avoided, especially an absentee ownership. For 35 years this law of Congress has been a dead letter. What Congress in its wisdom wished to avoid is exactly what has happened. Most of the good soil in Puerto Rico today is in the hands of a few large corporations, predominantly absentee owners. Under past administrations, Puerto Rico has become more and more a factory-plantation system, worked by landless peons, consequently taxpayers on the continent are called upon to foot bigger and better bills for unavoidable, yet socially unsound, relief.

The Department of the Interior is whole-heartedly supporting the policy established by Congress 35 years ago to decentralize landholding by huge corporate entities in Puerto Rico. It is to be hoped that, since this policy has the overwhelming approval of the Puerto Rican people, it will speedily be put into effect. The Department of the Interior will vigorously pursue its course on the basis of the congressional enactment, which up to now has been a dead letter, and we are confident that all interests in Puerto Rico will cooperate.

On this subject Hon. Rafael Alonso, vice president of the House of Representatives of Puerto Rico, has rendered the following report:

REPORT ON LAND-HOLDING IN PUERTO RICO

When a civil government was established in Puerto Rico the Congress of the United States passed on May 1, 1900, a joint resolution, introduced by Senator Foraker, limiting the holding of lands to not more than 500 acres, anticipating that the time would come when national or foreign capital would be invested in lands in Puerto Rico, constituting large centralizations of such lands which would result disastrously to the people in general on account of the smallness of our island.

When this problem of the centralization of lands was for the first time submitted to the consideration of the people in general at a mass meeting held in the Plaza Baldorioty de Castro in San Juan, the speakers' platform was practically surrounded by police officials, and policemen armed with carbines and ready for action were posted to guard the entrance to the Intendencia Building, and the speakers were accused of being lunatics, enemies of society, and disturbers of the peace and tranquillity of the people of Puerto Rico, instigated by the old political leaders.

When the present organic act, which liberalizes the civil system in Puerto Rico, was about to be passed, Senator Broussard practically held up the approval by the Senate when our fellow citizen, SANTIAGO IGLESIAS, now Resident Commissioner for Puerto Rico, in Washington, insisted that the problem of the centralization of lands should be investigated so that the Congress of the United States might adopt measures tending to its solution.

The control of the lands by the great corporations was practically recognized and always backed by the political organization known as "Unión de Puerto Rico", whose members now form the Liberal Party. The argument offered was that the violation was committed by civil partnerships and not by corporations, as specified in the statute, and, besides, that no penalty was prescribed, as is the case with Hawaii, and that, therefore, the provision was academic. At that time they even went so far as to request as a Christmas present the passage of the organic act in the original form introduced, which provided that in order to be a member of the house or of the senate it would be necessary to pay taxes on property valued at from $2,000 to $5,000, thus practically making the insular parliament a body of property owners and divesting it of its popular character.

The provisions as to the holding of property were excluded from the bill, but we have seen that the vote franchise was restricted in 1929 by those who call themselves "Liberals" because of their fear of the people, the illiterates being deprived of their vote. This evil has been corrected by the present parliamentary majority, which has established universal suffrage; and as regards the holding or possession of lands in Puerto Rico, section 39 of the present organic act provides that nothing in this act contained shall be so construed as to abrogate or in any manner impair or affect the provision contained in section 3 of the joint resolution approved May 1, 1900, with respect to the buying, selling, or holding of real estate. That the Governor of Puerto Rico shall cause to have made and submitted to Congress at the session beginning the first Monday in December 1917 a report of all the real estate used for the purposes of agriculture and held either directly or indirectly by corporations, partnerships, or individuals in holdings in excess of 500 acres.

On January 18, 1918, President Woodrow Wilson sent to the Congress of the United States a message or document in connection with lands directly or indirectly held by corporations, associations, and individuals in excess of 500 acres.

When the new organic act was implanted SANTIAGO IGLESIAS was elected senator at large, and he introduced in the Senate of Puerto Rico joint resolution no. 3, which contained the report rendered by Gov. Arthur Yager, of pleasant memory for the members of the Liberal Party and bitterly remembered by the laborers and socialists, who were brutally persecuted, some being killed, and who were even deprived of the constitutional guaranties, which caused a hot debate in the Senate of Puerto Rico. On that occasion the then President of the Senate of Puerto Rico, Hon. Antonio R. Barceló, uttered the memorable words against Senator IGLESIAS to the effect that if he were the President of the Republic he would deport him from the island. This showed the clear and precise fact that the centralization of lands in Puerto Rico was sponsored and maintained by the then Unión de Puerto Rico Party, whose members now form the Liberal Party, which is responsible for the present extent of said centralization which has thrown thousands of countrymen into the urban zones and has left more than 57,000 former property owners without any property, resulting in the largest unemployment registered in the history of Puerto Rico.

That was not sufficient reason for the representatives of the Free Federation of Labor of Puerto Rico and of the Socialist Party to cease to insist, once and again, with the Legislature of Puerto Rico and with the Congress of the United States, for the en-

[3] Appendixes C and D are of interest in connection with the commerce of Puerto Rico. Appendix E shows the imports of animal and vegetable products. Appendix F shows the rice imports between 1914 and 1932.

forcement of that part of the organic act which refers to the 500-acre limitation.

At the hearings held in 1924 in Washington, D. C., by the Committee on Insular Affairs of the House of Representatives, when the joint commission of the Legislature of Puerto Rico appeared to demand greater powers and liberty, Senator IGLESIAS made the following remarks when the question of the monopolization of lands was brought up:

"One of the problems that Puerto Rico wants to solve is the enforcement of the joint resolution, section 3, approved May 1900. When this problem came to the United States Congress for legislation, and that was when our first organic act was approved, a Senator thought and knew in advance what was going to happen in Puerto Rico and which I will state hereafter. The insert is section 3 of the joint resolution of May 1, 1900:

"'No corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it was created, and every corporation hereafter authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed 500 acres of land; and this provision shall be held to prevent any member of a corporation engaged in agriculture from being in anywise interested in any other corporation engaged in agriculture.'

"Now, what has happened in Puerto Rico was just the reverse that the Congress was expecting. I consider it entirely a problem for the island of Puerto Rico, all what has happened today in the holding of land; we have a monopolistic holding of land in the island of Puerto Rico. Such was the case when the Jones Act was passed by Congress in 1917, and when some influences wanted to prevent the enforcement of this section 3 of the aforesaid resolution and practically legalize what was going on, a compromise came, and a clause was put in the Jones Act demanding by the United States an investigation regarding the land question and the investigation was carried on. I will insert this document in the record to show the results of said investigation. It was signed by Woodrow Wilson at the White House on January 18, 1918.

"In such document may be seen the condition of the holdings of the land; you will see corporations, associations, partnerships, controlling from 10,000 up to 40,000 and 75,000 acres of the best land of Puerto Rico. The result is that the great part of the east, the south, and the north of the island is controlled by a few, and consequently the thousands and thousands of workingmen and workingwomen in these sections of the island are practically at the mercy of these corporations.

"Mr. WARD. But you have not satisfied me as to what was done by the Jones Act. What is the preseht law of Puerto Rico with respect to the holdings of these corporations?

"Senator IGLESIAS. Senator Broussard introduced two amendments to the Jones Act to penalize the violations, that never passed.

"Mr. SALMON. Covering 500 acres?

"Senator IGLESIAS. Yes, sir.

"The CHAIRMAN. Is there a penalty affixed in case of violation?

"Senator IGLESIAS. No; the opinion has been in Puerto Rico that the enforcement of the law was almost impossible, and the majority of the legislature thought that we did not have authority to go into the penalties to enforce it.

"Mr. WARD. Mr. Iglesias, we have nothing before this committee directed to this question. Why have you not some bill here?

"Senator IGLESIAS. I am going to ask the introduction of a bill.

"Mr. WARD. Mr. Dávila is supposed to introduce bills that may pertain to the immediate interests of the island.

"Mr. DÁVILA. I introduced the bill under consideration following the unanimous views of the delegation.

"Mr. WARD. You have no bill which touches the question he is on?

"Mr. DÁVILA. None at all.

"Mr. WARD. Why do you not have some bill laid before this committee that they may pass upon it one way or the other?

"Governor TOWNER. Perhaps I know about as much about the provision in the Organic Act as anyone. The Organic Act provided, as Senator IGLESIAS said, that the limitation should be 500 acres of land. Now, when it came to the question of paying, that is a mere declaration that it should be followed by a penalty or it should be followed by provisions by which it could be regulated or it should be provided with provisions which should enable the disposition of land already acquired and owned, all of these things were considered, so it was left entirely to the Legislature of Puerto Rico to do what they thought best with regard to fixing penalties, and making such arrangements, because, gentlemen, you will recognize this fact, which is well known in the jurisprudence of the United States, that the control and disposition of lands is within the control of the States exclusively, insofar as those regulations relate to the disposition and control of lands.

"Now, insofar as I know, neither Senator IGLESIAS or anybody else has ever introduced any bill in the Legislature of Puerto Rico with regard to that proposition. I do not see how there can be any question regarding the legal right to do so, but the people of Puerto Rico have never thought it to their interest to even introduce any legislation like that.

* * * * * * * *

"Mr. WARD. Governor, you laid down a proposition and got my consent to it, that, after reflection, I doubt if either of us is correct about, that it is within the States to control the ownership or limit the ownership of lands. North Carolina for 30 years had exactly that statute, and it was more honored in the breach than in the observance, and it went out of our statute law. It was eliminated from the new codification of laws, and was not enforced at all. Is it not a national constitutional question?

"Governor TOWNER. Do not misunderstand me, because I think that Congress would have the power to act.

"Mr. WARD. The education that you and I have as American citizens, having grown up on a great continent where we want to encourage the acquisition of property and foster progress of that sort, would seem to be quite different in an overpopulated island. I am impressed with the idea that the law ought to be enforced down there, but not in Iowa, for instance, because there is so much land there.

"Mr. SALMON. I would like to ask you a question.

"Governor TOWNER. I beg your pardon.

"Mr. SALMON. With reference to the policy of the State to regulate the disposition and ownership of property that the law pertains more directly to States, but to Territories it does not apply, does it?

"Governor TOWNER. Well, I think it does, insofar as the past history of our Territories are concerned.

"Senator IGLESIAS. I want to explain that as a senator of the Legislature of Puerto Rico I have on various occasions introduced bills to remedy this land problem, and when this land question came up on the floor of the Senate of Puerto Rico the bill was killed, and then I have to come before several administrations and Congress of the United States to ask for the remedy, as I am doing it now. The delegation has met and discussed this matter and has approved the proposition of coming before this committee to ask you and request that a bill be introduced to insert a new clause in our organic law.

"Mr. WARD. Introduce what?

"Senator IGLESIAS. We are asking and requesting this committee to introduce a bill by itself with the land clause in it.

"Mr. WARD. I doubt if you want to do it until you have gone there, to your legislation, and exhausted your authority.

"Mr. SALMON. He has done that.

"Mr. WARD. You have said you have had your bill defeated upon the argument of its unconstitutionality.

"Senator IGLESIAS. Not only that, but because it has been stated that the Legislature of Puerto Rico had not the authority to legislate regarding the land question." (Copied from the Third Report of the Legislative Committee to Investigate the Causes of Unemployment in Puerto Rico, of February 2, 1932, pp. 99, 100, 101, and 102.)

Together with this problem, there is that of absenteeism, which constitutes one of the heaviest drains that a country can support.

CÁMARA DE REPRESENTANTES,
San Juan, P. R., July 1, 1935.

Hon. SANTIAGO IGLESIAS,
Resident Commissioner from Puerto Rico,
House Office Building, Washington, D. C.

MY DEAR SIR: Enclosed you will find a copy of a memorandum, which I respectfully submit to you regarding House Resolution 8621, expressing my points of view, specially on that part on which I believe that Congress is trying to recognize and legalize the Chardon's plan relative to purchasing sugar mills and the creation of an agency to take charge of all the rehabilitation measures for Puerto Rico.

With my best wishes, I beg to remain,

Yours fraternally, RAFAEL ALONSO TORRES.

For SANTIAGO IGLESIAS, Resident Commissioner of Puerto Rico in Washington.

Memorandum about H. R. 8621, "To provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes."

Under section 1, it is provided that it shall be constituted a special fund to provide relief and work relief to increase employment in Puerto Rico, with all the sums which the President has aggregated or allotted or shall segregate or allot for projects in Puerto Rico, out of money appropriated by the Emergency Relief Appropriation Act of 1935. The fund thus established shall continue available for expenditure until June 30, 1940.

Furthermore, all incomes derived from operations financed out of this fund and the proceeds of the disposition of property acquired therewith shall constitute a revolving fund which shall remain available for expenditure for the purposes and in manner authorized herein and in the Emergency Relief Appropriation Act of 1935.

In page 2, lines 12 to 19, it is made clear that projects for rural rehabilitation in Puerto Rico may include the acquisition, development, maintenance, and operation of agricultural and industrial properties and enterprises.

This language may signify that any agency or agencies lawfully designated or established to administer funds allotted hereunder or the revolving fund herein authorized may be embarked in the acquisition, development, maintenance, and operation of sugar factories and other similar kind of enterprises, in order to increase employment in Puerto Rico.

But nothing is said about that this agency or agencies could represent a supergovernment in Puerto Rico, as may be seen in H. R. 8621 mentioned. It is understood that these agencies shall be in their constitution and character, Federal. Not one word about the cooperation with the insular government is consigned. All projects are realized just as the P. R. E. R. A. has done in the past.

Unless a definition or amendment is inserted, making the above point clear, the aspiration of laborers is wrecked. Laborers claim for the establishment of subsistence farms, so as to have a better distribution of our soils, which is a paramount problem in our rural regions. We have over 400,000 inhabitants without means of subsistence.

No protection is given laborers regarding wages and length of working hours during week, unless this is covered by "A reasonable charge may be made for materials and services produced or made available by any project; provided, that such materials and services may also be supplied as compensation, in whole or in part, for services rendered by persons employed upon any project", contained in page 2, lines 13 to 19 of said House Resolution.

We cannot object to any kind of relief and work relief tending to increase employment in Puerto Rico. If we do so, it could be considered as an obstruction to the rehabilitation program which President Roosevelt and Congress intend to establish in Puerto Rico. But this House resolution, as we see it, does not bring relief to our agricultural and industrial laborers, as it would not create enough means to solve our unemployment problem.

Power is conferred to any agency or agencies lawfully designated or established to administer funds allotted, or the revolving fund herein authorized to acquire, develop, maintain, and operate agricultural and industrial properties and enterprises, and also to dispose of such property acquired. It seems to us that Congress is trying to recognize and legalize that part of Chardon's plan to buy sugar mills, and create one agency to take charge of all the rehabilitation measures for Puerto Rico. This belief arises because no agency has been created as yet, and nobody knows what measures shall be adopted for the welfare of the Puerto Rican people.

By section 2, it is provided that "All or any part of the unobligated balance of taxes heretofore or hereafter collected from the processing of sugar beets or sugarcane in Puerto Rico and/or upon the processing in continental United States of sugar produced in or coming from Puerto Rico are hereby authorized, in the discretion of the President, to be transferred to the revolving fund authorized by this act."

A sum not exceeding $10,000,000 of this fund may, in the discretion of the President, be set aside in the Treasury for use as an insurance fund to insure individual agriculturists in Puerto Rico, but to the extent only of such insurance fund and its accretions, against damage by hurricane to their farm dwellings and farm buildings; growing crops; plants and trees, including trees used as shade for growing crops; warehouses; and produce in barns and warehouses.

This is a good thing, but we wish to call the attention that in the hurricane periods many people living in the urban zones, who have suffered great losses and damages, not covered by insurance policies, due to the high rates of insurance, have never received help of any kind. These conditions have been the same for laborers in general. Little house shops and factories have been destroyed and devastated by the hurricane furies.

In this line we believe that something could be done by the Congress of the United States.

ECONOMIC STATEMENT

Specifically, Puerto Rico has suffered to the extent of $27,544,851 by new-deal legislation which Mr. deHostos (president of the Chamber of Commerce of Puerto Rico), detailed as follows:

"Increased cost of commodity purchases in the United States, $8,193,652; flour-processing tax, $1,000,000; excess over benefit payments from processing taxes on commodities produced in the island, $800,000; sugar surplus $15,000,000; wage loss through sugar restriction $2,000,000; wage loss in tobacco and needlework industries, $500,000. In addition, island commerce has suffered losses from business stagnation and restriction.

THE COTTON ADJUSTMENT PROGRAM FOR THE THIRTEENTH CONGRESSIONAL DISTRICT OF TEXAS, THE STATE OF TEXAS, AND THE NATION

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Speaker, I desire to insert in the RECORD at this time a letter just received from Mr. C. A. Cobb, Director of the Division of Cotton of the Department of Agriculture, giving complete information pertaining to the cotton adjustment program for my district, the State of Texas, as well as the Nation. I am sure this information will be of great value to the people of my district, as well as the Nation generally.

AGRICULTURAL ADJUSTMENT ADMINISTRATION,
DEPARTMENT OF AGRICULTURE,
Washington, D. C., August 24, 1935.

Hon. WILLIAM D. McFARLANE,
House of Representatives.

DEAR MR. McFARLANE: Recognizing that you are keenly interested in knowing of the progress made in the adjustment of cotton under the Agricultural Adjustment Act, we are taking this opportunity to supply you with information pertaining to the cotton-adjustment program for your district.

Enclosed is a tabulation, by counties, for your district, and a summary for the State of Texas which gives, by years, the value of the cotton crop, including rental and other payments to farmers for the 1932–33, 1933–34, and 1934–35 seasons.

For your district the farm value of lint and seed in the 1932–33 season was $11,866,331.35, and in the 1933–34 season, including payments, was $23,554,357.87, and in the 1934–35 season, including payments, was $9,176,583.71.

Producers in your district also received $902,078.92 from the sale of surplus tax-exemption certificates through the national pool. This was truly crop insurance to producers in your district. The cotton program is price insurance as well as crop insurance. The grower receives his rental and parity payments on cotton regardless of drought, flood, or insect damage. Moreover, adjusting the supply of cotton to the demand protects the price.

As you know, the purpose of the Agricultural Adjustment Act, as written into the very title page of the act itself, is to increase agricultural purchasing power. The declared policy, simple, definite, and direct, is to establish and to maintain such a balance between the production and the consumption of agricultural commodities and such marketing conditions therefor as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period. In keeping with this policy the cotton adjustment program has been designed to return to farmers the largest possible net income from the production of cotton. The data enclosed will show the progress of the cotton adjustment program through August 14, 1935.

This Division will take pleasure in supplying you with any additional information you request pertaining to the cotton adjustment program.

Sincerely yours,

C. A. COBB,
Director Division of Cotton.

Operations of the Bankhead Cotton Certificate Pool, showing number of trust agreements paid, pounds of cotton surrendered, pounds sold, net equity of unsold poundage, and total payments of the Bankhead Cotton Certificate Pool by counties and by congressional districts for Texas in 1934

County	Number of trust agreements paid	Pounds surrendered	Pounds sold	Net equity unsold (pounds)	Total payment
Archer	703	849,120	580,737	268,383	$22,992.95
Baylor	1,455	2,380,770	1,628,332	752,438	64,468.80
Clay	2,515	4,152,490	2,860,599	1,321,891	111,762.33
Cooke	1,243	1,371,900	938,302	433,598	37,149.45
Denton	2,447	2,840,875	1,942,985	897,890	76,905.69
Foard	733	1,886,460	1,290,211	596,249	51,083.10
Hardeman	1,295	4,078,265	2,789,354	1,288,911	110,485.37
Jack	972	501,095	342,695	158,400	13,568.82
Knox	1,592	5,200,255	3,556,733	1,643,522	140,817.69
Montague	1,477	1,168,710	799,320	369,390	31,647.39
Throckmorton	756	1,018,800	696,801	321,999	27,587.86
Wichita	911	1,903,950	1,302,204	601,746	51,556.87
Wilbarger	882	3,435,400	2,349,670	1,085,730	92,991.55
Wise	843	792,965	542,345	250,620	21,472.50
Young	1,228	1,757,430	1,201,985	555,445	47,588.55
Total, district 13	19,052	33,368,485	22,822,273	10,546,212	902,078.92
State total	194,527	350,348,307	239,620,618	110,168,501	9,430,243.21

COTTON PRODUCTION ADJUSTMENT PROGRAM PROGRESS REPORT AS OF AUGUST 14, 1935

In 1933 there were about 2,000,000 cotton farms, including tracts of land worked by share tenants and croppers who were in that year eligible to enter into contracts. About 50 percent of such farms were covered and 1,032,000 contracts were in force. In 1934 tracts of land worked by share tenants and croppers could not be covered by separate contracts but had to be included in the contract of the owner or operator which reduced the number of cotton farms for that year to 1,500,000. About 67 percent of these farms were covered and 1,004,000 contracts were in force. In 1935 it is estimated that 1,300,000 contracts will be in force covering about 87 percent of the 1,500,000 farms.

In 1933 cotton producers plowed up 10,497,000 acres of growing cotton or about 26 percent of the acreage in cultivation on July 1. In 1934 they rented 14,547,000 acres or 38.2 percent of their base cotton acreage, with 45 percent as the maximum an individual with a base of over 5 acres could rent and 40 percent as the maximum for a county. In 1935 it is estimated that approximately 14,000,000 acres will be rented, amounting to about 33 percent of the base, with 35 percent as the maximum an individual with a base of over 5 acres can rent.

In 1933 cotton producers received $175,500,000 in cash and cotton option benefit payments; in 1934 they received approximately $115,000,000 in rental and parity payments; and in 1935 they will receive approximately $125,000,000.

Value of cotton crop in Texas and United States, including rental and other payments for the Thirteenth Congressional District, 1932–33 to 1934–35 seasons

Counties in Congressional District 13	1932–33	1933–34				
	Farm value of lint and seed	Farm value of lint and seed	Rental payments as of Mar. 31, 1934	Option payments as of Mar. 31, 1935	Total payments	Farm value plus payments
Archer	$175,192.68	$458,351.32	$35,302.57	$15,171.00	$50,473.57	$508,824.89
Baylor	714,985.24	958,101.63	167,844.00	85,920.65	253,764.65	1,211,866.28
Clay	730,526.84	1,321,966.72	245,707.25	63,671.71	309,378.96	1,631,345.68
Cooke	623,093.23	1,272,606.79	136,429.25	79,271.16	215,700.41	1,488,307.20
Denton	1,087,018.15	1,662,515.01	319,391.01	163,382.31	482,773.32	2,145,288.33
Foard	665,923.88	1,186,766.04	141,684.00	58,731.43	200,415.43	1,387,181.47
Hardeman	1,441,977.43	2,438,776.45	294,337.00	120,099.74	414,436.74	2,853,213.19
Jack	118,403.47	210,690.07	44,666.00	25,891.90	70,557.90	281,247.97
Knox	2,114,467.75	2,738,812.41	284,048.50	111,839.65	395,888.15	3,134,700.56
Montague	294,957.53	570,721.58	125,835.19	31,896.82	157,732.01	728,453.59
Throckmorton	258,716.77	554,681.87	59,507.00	29,107.42	88,614.42	643,296.29
Wichita	707,052.45	1,211,283.10	229,367.00	29,646.88	259,013.88	1,470,296.98
Wilbarger	2,162,423.71	3,803,786.56	312,734.50	144,753.73	457,488.23	4,261,274.79
Wise	222,263.29	435,323.08	79,568.50	36,772.06	116,340.56	551,663.64
Young	549,328.93	1,029,911.78	147,067.12	80,418.11	227,585.23	1,257,397.01
Total, district 13	11,866,331.35	19,854,294.41	2,623,488.89	1,076,574.57	3,700,063.46	23,554,357.87
State total	158,343,000.00	235,508,000.00	43,315,221.12	19,140,945.55	62,456,166.67	297,964,166.67
United States total	483,887,000.00	718,132,000.00	112,472,670.27	63,293,619.69	175,766,289.96	893,898,289.96

Counties in Congressional District 13	1934–35				
	Farm value of lint and seed	Rental payments as of Apr. 30, 1935	Parity payments as of Apr. 30, 1935	Total payments as of Apr. 30, 1935	Farm value plus payments
Archer	$133,528.38	$14,987.27	$4,066.67	$19,053.94	$152,582.32
Baylor	253,616.84	54,668.36	17,185.85	71,854.21	325,471.05
Clay	469,717.89	98,474.57	29,796.27	128,270.84	597,988.73
Cooke	607,120.01	71,841.51	22,074.58	93,916.09	701,036.10
Denton	979,334.15	138,546.57	42,143.18	180,689.75	1,160,023.90
Foard	327,099.76	51,596.39	16,239.34	67,835.73	394,935.49
Hardeman	734,290.17	119,689.33	36,887.78	156,577.11	890,867.28
Jack	132,317.62	17,088.37	4,934.67	22,023.04	154,340.06
Knox	792,016.95	138,983.49	40,489.18	179,472.67	971,489.62
Montague	325,198.68	53,458.70	15,887.55	69,346.25	394,544.93
Throckmorton	179,769.90	25,807.76	7,628.31	33,436.07	213,205.97
Wichita	596,776.81	71,353.63	20,227.83	91,581.46	688,358.27
Wilbarger	1,457,810.85	242,178.90	74,728.22	316,907.12	1,774,717.97
Wise	261,492.78	31,371.01	9,288.63	40,659.64	302,152.42
Young	390,498.48	49,487.32	14,883.80	64,371.12	454,869.60
Total district 13	7,640,588.67	1,179,533.18	356,461.86	1,535,995.04	9,176,583.71
State total	190,646,982.52	26,223,335.39	7,908,989.70	34,132,325.09	224,779,307.61
United States total	767,772,000.00	87,476,853.93	25,939,418.74	113,466,272.67	881,238,272.67

Farm values of lint and seed calculated from Bureau of Agricultural Economics data; rental payments for 1933–34 from contract records; option payments, Cotton Pool, Office of the Administrator; 1934–35 payments, Division of Cotton.

The average value of a bale of cotton and the seed was $37.42 in 1932, $55.35 in 1933, and $80.02 in 1934.

The farm value of the cotton crop, including the value of seed, in 1932 was $483,913,000, and including rental and benefit payments was $893,632,000 in 1933 and $882,772,000 in 1934, with one of the worst droughts in history in the western part of the Cotton Belt.

The world carry-over of American cotton was 12,960,000 bales on August 1, 1932, 11,588,000 bales on August 1, 1933, 10,634,000 bales on August 1, 1934, and is estimated at 9,000,000 for August 1, 1935.

The world supply of American cotton was 25,961,000 bales in the 1932–33 season, 24,635,000 bales in the 1933–34 season after 4,500,000 bales had been taken out of production, 20,270,000 bales in the 1934–35 season, and is estimated at 20,700,000 for the 1935–36 season.

The world supply of all growths of cotton has been reduced from a potential supply of 47,000,000 bales before the plow-up program in 1933 to 39,282,000 bales for the 1934–35 season. This is a decrease of 7,718,000 bales.

DIVISION OF COTTON, *August 14, 1935.*

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1874. An act to provide for the coinage of medals to be presented to Senator A. HARRY MOORE, certain officers of the New Jersey National Guard, the captains and members of the crews of certain fishing and pleasure boats, and to others; and

S. 3434. An act to provide for the appointment of one additional judge for the district of Kansas.

The message also announced that the Senate agrees to the amendments of the House to a bill and joint resolution of the Senate of the following titles:

S. 3210. An act to refer the claim of the Menominee Tribe of Indians to the Court of Claims with the absolute right of appeal to the Supreme Court of the United States; and

S. J. Res. 173. Joint resolution providing for the prohibition of the export of arms, ammunition, and implements of war to belligerent countries; the prohibition of the transportation of arms, ammunition, and implements of war by vessels of the United States for the use of belligerent states; for the registration and licensing of persons engaged in the business of manufacturing, exporting, or importing arms, ammunition, or implements of war; and restricting travel by American citizens on belligerent ships during war.

REVENUE FROM DISTILLED SPIRITS

Mr. DOUGHTON. Mr. Speaker, I call up the conference report on the bill (H. R. 8870) to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce, and to enforce the postal laws with respect to the enforcement of the twenty-first amendment, and for other purposes.

The Clerk read the title of the bill.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

Mr. CROWTHER. Mr. Speaker, I ask unanimous consent that the reading of the statement may be dispensed with. I think everybody knows its contents.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I think somebody should explain the changes in detail, for they are very important.

Mr. FULLER. Mr. Speaker, I do not want to object, but I want to be heard on the conference report.

Mr. McFARLANE. Mr. Speaker, I think we ought to have the conference report explained.

The SPEAKER. This is not a question of explaining the report, it is a question of whether the House will dispense with the reading of the report.

Is there objection?

There was no objection.

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. 8870) to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, 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, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 21, 23, 24, 25, 27, 29, 30, 31, 32, 33, 34, 35, 36, 37, 39, 44, 45, 46, 47, 48, 50, 51, 52, 53, 54, 56, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 74, 76, 77, 78, 80, 81, 82, 83, 84, 85, 86, 87, 87½, 88, 89, 90, 91, 92, 94, 95, 96, 97, 98, 100, 101, 102, 105, 106, 107, 108, 109, 110, 112, 113, 114, 115, 116, 117, 118, 119, 120, 122, 123, 124, 125, 126, 128, 129, 131, 134, 136, 138, 139, 140, 141, 142, 145, 148, 149, 152, 154, 155, 156, and 157.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 26, 38, 40, 41, 42, 43, 49, 55, 57, 73, 75, 93, 104, 111, 121, 133, 137, 143, 144, and 147, and agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(i) The Administrator shall make a report to Congress, at the beginning of each regular session, of the administration of the functions with which he is charged, and shall include in such report the names and compensation of all persons employed by the Administration."

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "the date upon which the Administrator first appointed under this Act takes office"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "the date upon which the Administrator first appointed under this Act takes office"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "or has, within three years prior to date of application, been convicted of a misdemeanor under any Federal law relating to liquor, including the taxation thereof"; and the Senate agree to the same.

Amendment numbered 79: That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted and restore the matter proposed to be stricken out by said amendment, and on page 22 of the House bill, after line 23, insert the following:

"In the case of malt beverages, the provisions of subsections (a), (b), (c), and (d) shall apply to transactions between a retailer or trade buyer in any State and a brewer, importer, or wholesaler of malt beverages outside such State only to the extent that the law of such State imposes similar requirements with respect to similar transactions between a retailer or trade buyer in such State and a brewer, importer, or wholesaler of malt beverages in such State, as the case may be. In the case of malt beverages, the provisions of subsections (e) and (f) shall apply to the labeling of malt beverages sold or shipped or delivered for shipment or otherwise introduced into or received in any State from any place outside thereof, or the advertising of malt beverages intended to be sold or shipped or delivered for shipment or otherwise introduced into or received in any State from any place outside thereof, only to the extent that the law of such State imposes similar requirements with respect to the labeling or advertising, as the case may be, of malt beverages not sold or shipped or delivered for shipment or otherwise introduced into or received in such State from any place outside thereof."

And the Senate agree to the same.

Amendment numbered 99: That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment as follows: In lieu of the matter proposed to be striken out by said amendment insert the following: "as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification, if neutral spirits have been used in the production thereof, informing the consumer of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled, or in case of neutral spirits or of gin produced by a process of continuous distillation, the name of the commodity from which distilled; (4)"; and the Senate agree to the same.

Amendment numbered 103: That the House recede from its disagreement to the amendment of the Senate numbered 103, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a colon and the following: "*Provided further*, That nothing herein nor any decision, ruling, or regulation of any Department of the Government shall deny the right of any person to use any trade name or brand of foreign origin not presently effectively registered in the United States Patent Office which has been used by such person or predecessors in the United States for a period of at least five years last past, if the use of such name or brand is qualified by the name of the locality in the United States in which the product is produced, and, in the case of the use of such name or brand on any label or in any advertisement, if such qualification is as conspicuous as such name or brand"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment insert the following: "as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification, if neutral spirits have been used in the production thereof, informing the consumer of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled, or in case of neutral spirits or of gin produced by a process of continuous distillation, the name of the commodity from which distilled"; (4); and the Senate agree to the same.

Amendment numbered 130: That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "The prohibitions of this subsection and regulations thereunder shall not apply to the publisher of any newspaper, periodical, or other publication, or radio broadcaster, unless such publisher or radio broadcaster is engaged in business as a distiller, brewer, rectifier, or other producer, or as an importer or wholesaler, of distilled spirits, wine, or malt beverages, or as a bottler, or warehouseman and bottler, of distilled spirits, directly or indirectly or through an affiliate."; and the Senate agree to the same.

Amendment numbered 132: That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment as follows: In the fifth line of said amendment strike out "commission" and insert "Administrator"; and the Senate agree to the same.

Amendment numbered 146: That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"DISPOSAL OF FORFEITED ALCOHOLIC BEVERAGES

"SEC. 9. (a) All distilled spirits, wine, and malt beverages forfeited, summarily or by order of court, under any law of the United States, shall be delivered to the Secretary of the Treasury to be disposed of as hereinafter provided.

"(b) The Secretary of the Treasury shall dispose of all distilled spirits, wine, and malt beverages which have been delivered to him pursuant to subsection (a)—

"(1) By delivery to such Government agencies as, in his opinion, have a need for such distilled spirits, wine, or malt beverages for medicinal, scientific, or mechanical purposes; or

"(2) By gift to such eleemosynary institutions as, in his opinion, have a need for such distilled spirits, wine, or malt beverages for medicinal purposes; or

"(3) By destruction.

"(c) No distilled spirits, wine, or malt beverages which have been seized under any law of the United States, may be disposed of in any manner whatsoever except after forfeiture and as provided in this section.

"(d) The Secretary of the Treasury is authorized to make all rules and regulations necessary to carry out the provisions of this section."

And the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 11. Section 610 of the Revenue Act of 1918, as amended (U. S. C., Supp. VII, title 26, sec. 1310), is amended by adding at the end thereof the following new paragraph:

"'The provisions of the internal-revenue laws applicable to natural wine shall apply in the same manner and to the same extent to citrus-fruit wines which are the product of normal alcoholic fermentation of the juice of sound ripe citrus fruit (except lemons and limes), with or without the addition of dry cane, beet, or dextrose sugar (containing, respectively, not less than 95 per centum of actual sugar, calculated on a dry basis) for the purpose of perfecting the product according to standards, but without the addition or abstraction of other substances, except as may occur in the usual cellar treatment of clarifying or aging.'

"SEC. 12. Section 612 of the Revenue Act of 1918, as amended (U. S. C., Supp. VII, title 26, sec. 1310), is amended to read as follows:

"'SEC. 612. That under such regulations and official supervision and upon the giving of such notices, entries, bonds, and other security as the Commissioner, with the approval of the Secretary, may prescribe, any producer of wines defined under the provisions of this title may withdraw from any fruit distillery or special bonded warehouse grape brandy, or wine spirits, for the fortification of such wines on the premises where actually made, and any producer of citrus-fruit wines may similarly withdraw citrus-fruit brandy for the fortification of citrus-fruit wines on the premises where actually made: *Provided*, That there shall be levied and assessed against the producer of such wines or citrus-fruit wines a tax (in lieu of the internal-revenue tax now imposed thereon by law) of 20 cents per proof gallon of grape brandy, citrus-fruit brandy, or wine spirit whenever withdrawn and hereafter so used by him in the fortification of such wines or citrus-fruit wines during the preceding month, which assessment shall be paid by him within ten months from the date of notice thereof: *Provided further*, That nothing contained in this section shall be construed as exempting any wines, citrus-fruit wines, cordials, liqueurs, or similar compounds from the payment of any tax provided for in this title.

"'Any such wines or citrus-fruit wines may, under such regulations as the Secretary may prescribe, be sold or removed tax free for the manufacture of vinegar, or for the production of dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume.

"'The taxes imposed by this section shall not apply to dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume.'

"SEC. 13. Section 613 of the Revenue Act of 1918, as amended (U. S. C., Supp. VII, title 26, sec. 1300 (a) (2)), is amended by inserting after 'grape brandy' a comma and the following: 'or containing citrus-fruit wine fortified with citrus-fruit brandy.'

"SEC. 14. Section 42 of the Act entitled 'An Act to reduce the revenue and equalize duties on imports, and for other purposes' approved October 1, 1890, as amended (U. S. C., Supp. VII, title 26, sec. 1302 (a)), is amended by inserting at the end thereof the following new paragraph:

"'The provisions of this section and section 43 shall apply to the use of citrus-fruit brandy in the preparation of fortified citrus-fruit wines in the same manner and to the same extent as such provisions apply to the use of wine spirits in the fortification of sweet wines, except that no brandy (other than a citrus-fruit brandy) may be used in the fortification of citrus-fruit wine and a citrus-fruit brandy prepared from one kind of citrus fruit may not be used for the fortification of a citrus-fruit wine prepared from another kind of citrus fruit or for the fortification of a wine prepared from any fruit other than citrus fruit.'

"SEC. 15. Section 3255 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 26, sec. 1176), is amended to read as follows:

"'SEC. 3255. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may exempt distillers of brandy made exclusively from apples, peaches, grapes, oranges, pears, pineapples, apricots, berries, plums, pawpaws, persimmons, prunes, figs, cherries, dates, or citrus fruits (except lemons and limes) from any provision of the internal-revenue laws relating to the manufacture of spirits, except as to the tax thereon, when in his judgment it may seem expedient to do so: *Provided*, That where, in the manufacture of wine or citrus-fruit wine, artificial sweetening has been used, the wine, or the fruit pomace residuum thereof, or the citrus-fruit wine may be used in the distillation of brandy or citrus-fruit brandy, as the case may be, and such use shall not prevent the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, from exempting such distiller from any provision of the internal-revenue laws relating to the manufacture of spirits, except as to the tax thereon, when in his judgment it may seem expedient to do so: *And provided further*, That the distillers mentioned in this section may add to not less than five hundred gallons (ten barrels) of grape cheese not more than five hundred gallons of a sugar solution made from cane, beet, starch, or corn sugar, 95 per centum pure, such solution to have a saccharine strength of not to exceed 10 per centum, and may ferment the resultant mixture on a winery or distillery premises, and such fermented product shall be regarded as distilling material.'"

And the Senate agree to the same.

Amendment numbered 151: That the House recede from its disagreement to the amendment of the Senate numbered 151, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 16. (a) Section 1 of the act of March 3, 1877, as amended (U. S. C., Supp. VII, sec. 1250), is amended by striking out 'not exceeding 10 in number in any one collection district', and by inserting at the end of such section the following new paragraph:

"'The Commissioner of Internal Revenue, under such regulations as he may promulgate from time to time with the approval of the Secretary of the Treasury, may, in his discretion, establish such warehouses adjacent to distilleries, and may, in his discretion, permit the removal of brandy directly from the distillery to such warehouses, and from such warehouses to the distillery warehouse of the producing distiller.'

"(b) Section 51 of the act of August 27, 1894, as amended (U. S. C., Supp. VII, sec. 1265), is amended by striking out 'not exceeding 10 in number in any one collection district', and by inserting at the end of such section the following new paragraph:

"'The Commissioner of Internal Revenue, under such regulations as he may promulgate from time to time with the approval of the Secretary of the Treasury, may, in his discretion, establish such warehouses adjacent to distilleries, and may, in his discretion, permit the removal of spirits directly from the distillery to such warehouses, and from such warehouses to the distillery warehouse of the producing distiller.'"

And the Senate agree to the same.

Amendment numbered 153: That the House recede from its disagreement to the amendment of the Senate numbered 153, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "17"; and the Senate agree to the same.

That the Senate recede from its amendment to the title.

R. L. DOUGHTON,
SAMUEL 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,
ROBERT M. LA FOLLETTE, Jr.,
JESSE H. METCALF,
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 amendment of the Senate to the bill (H. R. 8870) to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce, and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

On amendment no. 1: This amendment changes the short title of the act. The Senate recedes.

On amendment no. 2: The House bill created the Federal Alcohol Administration as a division in the Treasury Department. The Administration was to be headed by an Administrator appointed by the President, by and with the advice and consent of the Senate. Appointments of officers and employees by the Administrator were to be made without regard to the civil-service laws and the Classification Act of 1923, as amended, but their compensation was subject to the approval of the Secretary of the Treasury. All rules and regulations prescribed by the Administrator were subject to the approval of the Secretary of the Treasury. The Senate amendment establishes in lieu of the Federal Alcohol Administration provided in the House bill an independent agency to be known as the "Federal Alcohol Commission", to be composed of three commissioners appointed by the President, by and with the advice and consent of the Senate. It provides that not more than two members of the Commission shall be members of the same political party. The amendment further provides that one of the Commissioners shall be chairman of the Commission and shall be its chief executive officer; another Commissioner shall be vice chairman of the Commission; and a third Commissioner, who shall be a lawyer, shall be general counsel of the Commission. Under the Senate amendment, appointments by the Commission are made without regard to the civil-service laws but subject to the Classification Act of 1923, as amended, and any officer or employee receiving a salary at the rate of $5,000 or more per annum is required to be appointed by the President, by and with the advice and consent of the Senate. All officers and employees of the Commission receiving less salary are to be appointed by the Commission, and the Commission is to prescribe the duties of all its officers and employees irrespective of their method of appointment. The Senate recedes.

On amendments nos. 3, 5, 6, 7, 8, 9, 10, 11, 12, 17, 21, 23, 27, 29, 30, 31, 32, 33, 34, 35, 36, 44, 45, 46, 47, 48, 50, 51, 52, 53, 54, 56, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 74, 76, 77, 87, 95, 96, 107, 110, 113, 115, 116, 117, 118, 120, 122, 124, 125, 131, 134, 136, 138, 139, 140, 141, 142, 145, 148, 149, and 154: These amendments are clerical amendments made necessary by reason of Senate amendment no. 2. The Senate recedes in conformity with the action on amendment no. 2.

On amendment no. 4: This is a clerical amendment, and the House recedes.

On amendment no. 13: The Senate amendment authorizes the Commission to make investigations and studies with respect to various phases of the alcoholic-beverage industries, or with respect to matters necessary for the performance of its powers and duties, and to report thereon to the President and the Congress from

time to time, together with its recommendations. The House bill had no similar provision. The Senate recedes.

On amendment no. 14: The Senate amendment provides that the Commission shall make an annual report to Congress and include therein the names and compensation of all persons employed by the Commission. The House bill had no similar provision. The House recedes with an amendment placing such duties on the administrator.

On amendments nos. 15, 16, 18, 19, 24, 25, 37, 39, 78, 79, 80, 81, 82, 83, 89, 90, 91, 92, 94, 97, 101, 102, 106, 108, 109, 112, 114, 119, 123, 126 155, and 157: The House bill covered beer and other malt beverages and its provisions applied to brewers and importers and wholesale distributors of such malt beverages, except that brewers were exempt from the provisions of the House bill requiring basic permits. The effect of these Senate amendments is to exempt brewers, importers, and wholesale distributors of malt beverages from all provisions of the bill.

The conference agreement retains the provision of the House bill under which importers and wholesalers of malt beverages are required to have permits. The conference agreement applies the trade-practices provisions of the bill to malt beverages with a modification under which such provisions are to apply to transactions between a brewer or other distributor outside a State and a retailer or trade buyer in a State only to the extent that the State imposes similar requirements on the same classes of persons and with respect to the same transactions within the State and under which the requirements of the bill with respect to labeling and advertising are to apply to persons outside the State in respect of their products shipped into or advertised in a State only to the extent that the State imposes similar requirements in similar cases within the State. The conference action to accomplish this result consists of the House receding with an amendment on amendment no. 79 and the Senate receding on all the other amendments.

On amendments nos. 20 and 22: Under the House bill the requirement that importers and persons engaged in the business of distilling spirits, producing wine, rectifying, or blending distilled spirits or wine, or bottling or warehousing, and bottling distilled spirits must have a basic permit to engage in operations, became effective 60 days after the enactment of the act. The Senate amendment provides that these requirements shall be effective 60 days after such date as the majority of the Commission first appointed takes office. The House recedes on both amendments with amendments changing "Commission" to "Administrator."

On amendment no. 26: The House bill provided that the requirement that wholesale distributors must have a basic permit to engage in operations should take effect January 1, 1936. The Senate amendment provides that this requirement shall take effect March 1, 1936. The House recedes.

On amendment no. 28: The House bill provided that applicants for a basic permit (other than those entitled thereto as a matter of right) should not be entitled to the permit if it were found that the applicant had within 5 years prior to the date of application been convicted of a felony. The Senate amendment adds an additional requirement that the applicant must not have been convicted, in such period, of a violation of a Federal law relating to liquor, including the taxation thereof, irrespective of whether the violation constituted a felony. The House recedes with an amendment providing that the applicant must not have been convicted, within a period of 3 years prior to date of application, of a misdemeanor under any Federal law relating to liquor, including the taxation thereof.

On amendments nos. 38, 40, 41, 42, and 132: The House bill provided that distilled spirits could be distributed without restriction in barrels, casks, or kegs made of wood, if the container had a capacity of 1 wine-gallon or more. This authority was, however, subject to an exception in the case of distribution into those States in which the use or sale of any such barrel, cask, or keg is prohibited by the law of the State. The House bill further provided that a recipient of bulk goods should not be entitled to package or repackage the bulk distilled spirits for sale or resale in bottles or other containers intended to reach the consumer unless the bottler was a distiller, rectifier of distilled spirits, a person operating a bonded warehouse qualified under the internal-revenue laws, or a class 8 bonded warehouse qualified under the customs laws, holding a basic permit, or was a proprietor of an industrial-alcohol plant, or was an agency of a State or any political subdivision thereof. The House bill further provided that a recipient of bulk distilled spirits should not dispense the distilled spirits for sale unless such person was a bona fide hotel or club. Specific provision was also made in the House bill recognizing that a wholesaler of distilled spirits could qualify as a rectifier, but prohibiting a retailer from so qualifying.

Senate amendments nos. 40, 41, and 42 strike out the House provisions. Senate amendment no. 132 makes it unlawful for any person to sell or offer to sell, contract to sell, or otherwise dispose of distilled spirits in containers having a capacity in excess of 1 gallon, except under regulations of the Commission for export, or to a distiller or rectifier (including a wholesaler who qualifies as a rectifier) of distilled spirits, person operating a bonded warehouse under the internal-revenue laws or a class 8 bonded warehouse qualified under the customs laws, a wine maker for the fortification of wines, a proprietor of an industrial-alcohol plant, or an agency of the United States or any State or political subdivision thereof. The Senate amendment also makes it unlawful for any person to import distilled spirits in bulk unless he is one of the list above specified or unless for sale to or use by one of such persons. The Senate amendment further makes unlawful transactions in warehouse receipts covering spirits in bulk unless the particular receipt includes among its terms a requirement that the warehouseman shall, before delivery of the distilled spirits, pursuant to the delivery of the receipt, package them in bottles labeled and marked in accordance with law, or deliver them in bulk only to persons to whom it is lawful to sell or otherwise dispose of distilled spirits in bulk, i. e., the persons in the list above specified. The Senate amendment further provides that it is unlawful for any person to bottle distilled spirits, or package or repackage distilled spirits in bottles, unless the bottler is a person to whom it is lawful to sell or otherwise dispose of distilled spirits in bulk, i. e., a person in the list above specified. A criminal penalty of $5,000 or imprisonment for not more than 1 year, or both, is provided for the violation and all distilled spirits and the containers thereof with respect to which a violation occurs are forfeited to the United States.

Senate amendment numbered 38 makes observance of the bulk sales requirements as set forth in Senate amendment numbered 132 a condition of a basic permit issued under the bill. The House recedes on amendments numbered 38, 40, 41, and 42, and recedes with an amendment on 132 changing "Commission" to "Administrator."

On amendments nos. 43, 49, 55, 57, and 75: These are clerical amendments changing paragraph letters. The House recedes.

On amendment no. 73: This is a clarifying amendment, and the House recedes.

On amendment no. 84: This amendment excepts from the tied-house prohibitions signs not exceeding $100 in aggregate value to any retailer in any calendar year. This is no corresponding exception in the House bill. The Senate recedes.

On amendments nos. 85 and 86: Amendment numbered 85 excepts from the tied-house prohibitions "advertising specialties and graphic arts advertising items of paper or paperlike substance." Amendment numbered 86 makes a clerical amendment in connection with amendment numbered 85. The Senate recedes.

On amendment no. 87½: The House bill provided in the tied-house prohibition that credit in excess of the period usual and customary to the industry for the particular class of transactions could not be extended to the retailer. The Senate amendment strikes out "to the industry." The Senate recedes.

On amendment no. 88: The House bill provided that the tied-house prohibition against excessive credits to retailers should be subject to regulations of the enforcement agency. The Senate amendment strikes out the requirement as to regulations. The Senate recedes.

On amendment no. 93: This amendment provides that the restrictions in the "consignment sales" subsection shall not apply to transactions involving solely the bona fide return of merchandise for ordinary and usual commercial reasons arising after the merchandise has been sold. The House bill contained no corresponding provision. The House recedes.

On amendment no. 98: The House bill provided that the regulations of the enforcement agency as to informative labeling should provide the consumer with adequate information as to the manufacturer or bottler or importer of the particular product. The Senate amendment provides that in case of domestically bottled goods the regulation shall require the label to show the name of the manufacturer or bottler or distributor, and, in the case of imported products, show the name of the foreign manufacturer and the domestic importer. The Senate recedes.

On amendments nos. 99, 100, 105, 127, 128, and 129: The House bill provided that the regulations of the enforcement agency with regard to the informative labeling and advertising of distilled spirits provide that in the case of distilled spirits (other than cordials, liqueurs, and specialties) there be stated on the label or in the advertisement, as the case might be, the percentage of the neutral spirits used in the production thereof and the name of the commodity from which the neutral spirits were distilled. The provision applied to distilled spirits produced by blending or rectification and to gin, whether produced by blending or rectification or by process of continuous distillation. The provisions did not apply to straight neutral spirits or alcohol produced by process of continuous distillation. The Senate amendments incorporate clarifying provisions making it certain that the informative requirements apply to gin produced by process of continuous distillation, as well as by blending or rectification and also extend the requirements to straight neutral spirits or alcohol produced by process of continuous distillation. In addition, the Senate amendment makes it clear that it is mandatory upon the enforcement agency to issue regulations of this informative character and that in case neutral spirits made from two different commodities are included in the product then the percentage made from each such commodity shall be stated.

Senate amendment no. 105 further provides that the regulations of the commission with respect to labeling and standards of identity shall prohibit the designation of any product as neutral spirits or as any type of whisky or gin, for nonindustrial use, if the neutral spirits used in making the product are distilled from materials other than grain. This requirement applies to neutral spirits, whisky, and gin produced by a process of continuous distillation, as well as to gin or any type of blended or other whisky produced by blending or rectification. The Senate amendment further provides by definition that the term "neutral spirits", where used throughout the act, is synonymous with ethyl alcohol.

The Senate recedes on amendments nos. 105 and 129 which make the regulations mandatory and which prohibit designation

of whisky, neutral spirits, or gin, as such, unless produced from grain. The Senate recedes on amendments nos. 100 and 128 which make changes in numbers in connection with amendments nos. 105 and 129. The effect of the conference agreement is to insert the substance of the House provisions with the addition thereto of provisions similar to those in Senate amendments nos. 105 and 129 under which the requirement is imposed that there be a statement of the commodity from which neutral spirits or gin produced by continuous distillation is produced.

On amendment no. 103: This amendment provides that nothing in the act or any decision, ruling, or regulation of any department of the Government shall deny the right of any person to use any trade name or brand of foreign origin not presently effectively registered in the United States Patent Office which has been used by such person or predecessors in the United States for a period of at least 5 years last past. The House bill had no corresponding provision. The House recedes with an amendment inserting the substance of the Senate provision but adding a limitation that if such a name or brand is used its use must be qualified by the name of the locality in the United States in which the product is produced and on labels and in advertising this qualification must be as conspicuous as the name or brand itself.

On amendments nos. 104 and 146: The House bill provided that no person should remove from Government custody after purchase at a Government sale any distilled spirits, wine, or malt beverages in bottles to be held for sale, until such bottles are packaged, marked, branded, and labeled in conformity with the labeling requirements of the bill. Senate amendment no. 104 strikes out these provisions. Senate amendment no. 146 provides that distilled spirits and wine forfeited or condemned shall not be sold, or otherwise disposed of, but shall be destroyed; except that any such distilled spirits and wine certified by Government chemists to be of a quality equivalent to United States Pharmacopoeia quality or suitable for medicinal purposes shall be disposed of by the Surgeon General of the United States Public Health Service to hospitals operated or maintained in whole or in part by the United States, for use by them for medicinal purposes only.

The conference agreement on amendment no. 146 inserts a provision under which distilled spirits, wine, and malt beverages forfeited summarily or by order of court are to be delivered to the Secretary of the Treasury. He is to dispose of them by delivering them to Government agencies for medicinal, scientific, or mechanical purposes, but if they have no need for them, by giving them to charitable institutions for medicinal purposes. Any articles which are not so disposed of are to be destroyed by the Secretary of the Treasury. Previous contrary authorizations are repealed and the Secretary is given power to prescribe rules and regulations to carry out the section.

The House recedes on amendment no. 104 relating to labeling after Government sale in view of the insertion of the provision prohibiting Government sales.

On amendment no. 111: The House bill provided that the requirements for certificates of label approval should become effective not later than January 1, 1936. The Senate amendment provides that these requirements shall become effective not later than March 1, 1936. The House recedes.

On amendment no. 121: This is a clerical amendment. The House recedes.

On amendment no. 130: This is a clarifying amendment and makes certain that the prohibitions with regard to false advertising and the requirements as to informative advertising shall not apply to the publisher of any newspaper, periodical, or other publication, or radio broadcaster unless such publisher or radio broadcaster is engaged in publishing the newspaper, periodical, or other publication, or in transmitting radio broadcasts, is engaged in the distilled spirits or wine industry, directly or indirectly. The House recedes with an amendment applying similar provisions in the case of malt beverages.

On amendments nos. 133, 137, 147, and 153: These are clerical amendments changing section numbers. The House recedes on 133, 137, and 147, and with an amendment making a further change in the number on 153.

On amendment no. 135: The House bill provided that violations of the act could be compromised by the enforcement agency at any time prior to the commencement of court proceedings with respect to the violation. The Senate amendment provides this power of compromise can be exercised either before, pending, or after completion of court proceedings. The House recedes.

On amendments nos. 143 and 144: These are clerical amendments; and the House recedes.

On amendment no. 150: The Senate amendment applies to citrus-fruit wines the provisions of internal-revenue laws applicable to "natural" grape wine. It also permits the withdrawal of citrus-fruit brandy and use of it for the fortification of citrus-fruit wine—applying in such case the same tax (20 cents a proof gallon) as in the case of grape brandy for fortification of grape wine. The amendment makes the necessary amendment to the provisions of law under which liqueurs, cordials, or similar compounds are taxed if grape brandy is used therein so that these provisions will apply with respect to citrus-fruit wines fortified with citrus-fruit brandy. The amendment makes applicable to the fortification of citrus-fruit wines with citrus-fruit brandy the provisions of law relating to fortification of grape wines with grape brandy but limits the provision so that a citrus-fruit brandy may be used only for the fortification of a citrus-fruit wine produced from the same fruit; e. g., orange brandy may be used only for fortification of orange wine. Citrus-fruit-brandy distillers and date-brandy distillers may be exempted by the Secretary of the Treasury from certain provisions of law relating to the manufacture of such brandies as in the case, under present law, of distillers of apple brandy and other fruit-brandy distillers.

The amendment also exempts citrus-fruit wine makers and other wine makers (in the same manner as in the case of grape wine makers) from the special tax upon wine makers if they sell wines of their own production where they are made or at the wine maker's general business office.

The amendment also makes clear that where manufacturing chemists or flavoring extract manufacturers use recovered alcohol or spirits, they may be again used only in the making of medicines or flavoring extracts of the same kind in which they are first used.

The House recedes with an amendment which makes clarifying changes and which excepts lemons and limes from the application of the Senate provision. The conference agreement also omits the provisions relating to business offices of a wine maker and to the use of recovered alcohol in flavoring extracts and medicines.

On amendment no. 151: This amendment strikes out the limitation on the number of warehouses which the Commissioner of Internal Revenue may establish in any one collection district for the storage of fruit brandies and spirits distilled from materials other than fruit. It also provides that in the discretion of the Commissioner of Internal Revenue such warehouses may be established adjacent to distilleries, and further that he may in his discretion permit the removal of brandies and spirits, as the case may be, directly from the distillery to such warehouses, and from such warehouses to the distillery warehouse of the producing distiller. The House recedes with an amendment which omits the preamble and makes clerical changes.

On amendment no. 152: This amendment changes the method of levying and collecting the tax on distilled spirits. Under the present law, the tax is paid by the distiller or importer. The amendment imposes the tax on the retailer and provides that it shall be collected at the time of its first retail sale. The retailer is required to affix to the bottle or other container of distilled spirits stamps denoting the quantity contained therein and evidencing payment of all internal-revenue taxes, and of all customs duties. The amendment further provides that no person shall manufacture, distill, import, or sell at wholesale or retail any distilled spirits unless such person furnishes a bond guaranteeing the payment of all taxes and customs duties imposed thereon. The Senate recedes.

On amendment no. 156: This is a clerical amendment changing the paragraph number. The Senate recedes.

The Senate amended the title of the bill to conform to the Senate amendment eliminating malt beverages from the bill. The Senate recedes.

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

Mr. DOUGHTON. Mr. Speaker, I yield 10 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Speaker, I know it is useless to seek to kill a conference report in the closing hours of a session, but I think in this case the House conferees have made an absolute surrender. It is an instance in which the voices of the majority of the members on the committee were not taken into consideration as well as the sentiment of the House. This bill, as it passed the House, was not the same instrument now pending before us. It is a surrender to the liquor and to the glass-bottle lobby of the United States as well as to the brewers.

We seek to have an alcohol control board created to regulate the liquors of this country, including whisky and beer, but the brewers with their influence and power are exempted from this bill. The brewers, as everyone knows, are the ones who have caused the greatest trouble in the past. It is common knowledge that in the old days on almost every street corner in the big cities the brewers equipped saloons, and dominated them. Under this law they cannot be regulated at all. According to the Senate amendment, which the House agreed to in conference, they cannot be regulated.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. FULLER. I yield, but I do not want you to take very much time.

Mr. MAPES. The gentleman spoke about the yielding of the House conferees. There was a rumor on the floor last night that the House conferees had yielded to the Senate in regard to the provision which takes out from under the Civil Service and the Classification Act appointees of the Liquor Control Board or Commission, but in looking over

the report of the conferees this morning I found that was not true and that the conference report retains the House provision taking these employees from under the Civil Service and the Classification Act.

Mr. FULLER. I do not know about that; I have not seen the report.

Mr. MAPES. The gentleman cannot answer that question?

Mr. FULLER. No. I have never seen the report. It was recently printed and I have had no opportunity to see it.

Mr. MAPES. It is in the RECORD this morning, I may say to the gentleman.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. FULLER. I yield.

Mr. CELLER. Do I understand from this conference report that the brewers are not going to be regulated, that they may continue their system of "tied houses"?

Mr. FULLER. Absolutely.

Mr. CELLER. That is wrong.

Mr. FULLER. They concurred in the Senate amendment. They say that "tied houses" may be regulated in the various States. If the States are to regulate breweries, why not the States also regulate the distillers in their unfair practices and save the Federal Government the expense? Why separate them when one needs regulation as much as the other? In other words, if New York wants to buy Milwaukee beer, the Federal control can regulate that interstate transaction. Eighty percent of the beer is sold in the States where brewed.

Mr. CELLER. There are only a few interstate sales.

Mr. FULLER. Yes; just a few. This bill ought to be branded and known as the "brewery bill from Milwaukee." That is how it ought to be known. If there is any use for the maintenance of alcoholic control in the United States, the Board ought to have something to do, but under the terms and provisions of this bill the employers will have absolutely nothing to do. It simply means the continuation of jobs for two or three hundred people with nothing to do under the terms and provisions of this bill.

Mr. McFARLANE. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Texas.

Mr. McFARLANE. The platform provides—

> We urge the enactment of such measures by the several States as will actually promote temperance and effectively prevent the return of the saloon.

Does this bill do that?

Mr. FULLER. No.

Mr. McFARLANE. Will not this bill tend to put an open saloon on every street corner?

Mr. FULLER. It will have a tendency toward the days before prohibition.

Mr. HOEPPEL. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from California.

Mr. HOEPPEL. May I state that I am going to support the gentleman's argument, because only last Monday there were 225 drunks arraigned in the courts of the District of Columbia. I concur with the gentleman's views on temperance, but fear the liquor business, controlled as it appears to be by the Whisky Trust and the brewers, will ultimately lead to the preprohibition excesses. The Government should exercise positive and complete control of the liquor business in the interests of morals and the elimination of political dominance by the whisky interests.

Mr. FULLER. Some of the Members of this House may not be well enough informed to know the powerful influences of the liquor organization in this country. This powerful organization is absolutely controlling and dictating the terms and provisions of this bill, as well as all legislation and all rules and regulations which come out of the Alcohol Control Division of the Treasury Department affecting liquor. The Board and this Division are controlled absolutely, lock, stock, and barrel, by the biggest monopoly that has ever been known in this country. If we do not stop this we will go back to the time before prohibition.

Mr. CELLER. I will be happy to cooperate, as will many Members of the House, in any kind of legislation to come out of the Ways and Means Committee controlling the breweries. Will the gentleman cooperate?

Mr. FULLER. Certainly I will. The House Ways and Means Committee put the breweries under control just like the distilleries; one of them violates the law no more than the other. The "tied houses" will be tied to the breweries the same as before prohibition, with no Federal regulation. Such a compromise is a shame and brought about by the powerful influence of the brewers and distillers.

Mr. Speaker, I have no distilleries in my State, nor have I any breweries. This lobby is influencing newspapers by advertising and propaganda. Why, they are even making the good women of the W. C. T. U. believe they are pulling strong for prohibition in this country. If we follow them we will go back to the old bootleg policies and they will be running the temperance cause of this country.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from New York.

Mr. FITZPATRICK. Is there anything in this bill that would permit the buying of liquor in bulk?

Mr. FULLER. No.

Mr. FITZPATRICK. That has been eliminated?

Mr. FULLER. That has been eliminated, notwithstanding the fact that the sentiment of the Ways and Means Committee of the House is overwhelmingly for modification of the regulation of the Treasury Department to permit the use of barrels. I attended a meeting 2 days ago of the Ways and Means Committee at which we took a vote whether or not we would stand for the House bill and whether or not we would have no bill or one with barrels in it. Seventeen Democrats voted for this motion. All the Republicans except three voted for it. The vote stood 20 to 4. The House bill for barrels was reported on that issue by a committee vote of 23 to 2. But there has been a change in the last few hours. There has been influence brought to bear of which I am well aware; there has been a change of opinion, and many members of the Ways and Means Committee have absolutely surrendered to the Senate conferees.

Mr. DRIVER. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Arkansas.

Mr. DRIVER. The Treasury Department said if permission to use barrels is granted that the bootleggers would take the pints out of their pockets and bootleg by the barrel.

Mr. FULLER. Yes.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman 10 additional minutes.

Mr. McFARLANE. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Texas.

Mr. McFARLANE. Has the gentleman any information that would lead him to believe that we have ever anywhere, any place, or any time been able to control the liquor traffic, either the Whisky Trust or the Beer Trust? If so, I should be glad if he would advise us fully when, where, and how?

Mr. FULLER. I do not know about that.

Mr. McFARLANE. I have never heard of our ever being able to control or regulate the liquor traffic.

Mr. FULLER. I think there is no question but that we can do so.

Mr. Speaker, this bill contains a provision that I want to especially call attention to. This provision, written in by the Senate, provides no liquor can be taken out of a bonded warehouse unless it is bottled. In other words, only distillers, rectifiers, and bonded warehouses may bottle the liquor. There are hundreds and thousands of people over the United States who own liquor stored in these warehouses, which liquor was bought legitimately before prohibition. They have carried this liquor all of these years. The provision in this bill provides that those individuals cannot get a barrel out unless they allow the warehouseman who has it stored to bottle it.

Do you know what they charge for bottling that liquor? They charge $150 a barrel to bottle the whisky that a man legitimately and honestly owns under the laws of the Nation. It is not only a monopoly but a racket. A few powerful, large corporations own practically all the distilleries, and

others have not been able to get permits. They are selling 4-year-old whisky for $24 per gallon which cost only $1 to make and carry for 4 years, shrinkage and evaporation included. Add to this $2 for Federal tax and $1 for bottling, and observe the enormous $20 per gallon profit.

This is the powerful lobby with accumulated wealth making Members and endeavoring to make the country believe they stand for temperance. What do you think? This is the crowd which says the store people, the farmers, have a powerful influence and are seeking to break down the enforcement laws. Shame on such an argument! It is not an argument but a deliberate misstatement. It is a well-known fact that the big distillers have interlocking directorates with the Illinois Owen Glass Co. that manufactures 80 percent of the glass of this country. They maintain a lobby here. Not only that, Mr. Speaker, but the man who is at the head of these distillers is Dr. Doran, who, everyone thought, was such a great prohibition advocate. He was in the Treasury for 30 years. He built up the personnel in the Treasury that exists today in the Alcohol Unit. He resigned to accept a position at $36,000 a year as the head of the Distillers Institute in the United States, which is composed of the lobby or trust that is fighting this bill and dictating every rule and regulation that the Alcohol Unit advocates. He even served as chairman of the committee appointed by the President to form the rules and regulations of the code for alcohol control.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. FULLER. I yield.

Mr. McFARLANE. Is it not true that Dr. Doran, on account of his position with respect to being commissioner of prohibition enforcement for several years, is intimately acquainted with the personnel of the Alcohol Control Unit and this gives him an entree into the Alcohol Control Department as well as other departments?

Mr. FULLER. Certainly. He is the spokesman for it. They do not do anything without his O. K.; and a few days ago the most influential man who was left in the Treasury Department resigned and accepted a position as the Washington representative of the distillers of the United States.

This is the kind of proposition we are up against; and they refer to the fact that I come from a country where they want barrels used, although I represent only 1 State out of the 20 in the Union that have this great industry which is now absolutely prostrate. These men are ruining the cooperage industry of the United States by their rules and regulations, and they made these rules and regulations entirely without any authority of law; but under the terms and provisions of this bill they have affirmatively written them into law, and the conferees have agreed to them, and now they are going to force this measure through the Congress.

It seems it does not make much difference how meritorious a case you have or how strongly you go along with them, if it does not suit some of them, even though they have passed upon it favorably by an overwhelming vote time and time again, if you do not go down the line every time, they are inclined to forget you in the closing hours. I seek and ask no favors, and know those sharing my views will at this late hour of the session vote for this unjust, unconditional surrender—and to this I have no protest.

Why, Mr. Speaker, in my district alone in the stave industry over $1,000,000 is to be lost by reason of this law, and the same condition prevails generally all over the country. Who are the stave people who are concerned about this matter? They are the farmers up at the forks of the creeks, who take their oak and make it into barrel staves and sell them. This is their tax and pin money. These men are to be driven out of business by reason of this powerful lobby.

I am disgusted that the conferees bow to an unholy powerful lobby as against the poor and unorganized poor. You do not have to go further than outside of the doors of this House to find influential ex-Members of Congress down here working for these concerns, the breweries and the liquor people of this country; and yet they tell you this is a measure in the interest of temperance. This is a measure in the interest of the lobbyists of this country and the lobby investigating committee ought to investigate them. The bill is in the interest of one of the biggest monopolies we have ever seen, and mark my prediction, there are dozens of men listening to my voice now who will live to see the time, if the time is not here now, when we will have a worse whisky scandal than ever occurred in the distant past in Pennsylvania under the Grant administration. This is not the last battle. A resolution is now pending seeking an investigation of this whisky lobby.

I realize that in the closing hours of the Congress there is no use to butt your head against a wall and try to get this conference report rejected, but I want to tell you that it is a travesty on justice to abjectly surrender what the House and the Ways and Means Committee stand for at heart, simply for the purpose of agreeing to Senate amendments which mean nothing in the world but a continuation of the Alcohol Control Board, the duties of which are nil as provided under the terms and provisions of this bill. [Applause.]

Mr. DOUGHTON. Mr. Speaker, the alcohol-control bill had the unanimous report from the Committee on Ways and Means. It passed the House by a vote of nearly two and a half to one. The Senate put on about 144 amendments. Of that 144 amendments by the Senate, the Senate yielded on 122 and the House yielded on 22.

Many of these amendments were of a minor character—mainly clerical changes.

Of the important amendments the Senate yielded on five and the House yielded on two.

The setting up of an independent agency was one of the important changes made in the bill by the Senate. The House put the administration of the law in the Treasury Department, and the Senate put it under an independent agency. That was one provision in the House bill that the House conferees insisted on. Every member of the Committee on Ways and Means was insistent on that provision. The Senate very reluctantly yielded on that vital amendment.

Then, the question of signs was in dispute. The House provided for striking out all signs by brewers and distillers, and the Senate insisted on that provision in the bill. We had a half a dozen meetings of the conferees, the Senate insisting on their provision and the House insisting on its provision, and finally the Senate receded on that.

Then came the question of advertising. That was a controversial amendment. The House was very insistent on it, and the Senate receded.

Mr. STEFAN. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. STEFAN. Regarding the signs, will the gentleman explain how that agreement was reached—are they allowed to put up signs?

Mr. DOUGHTON. The provision in the House bill was adopted. If the gentleman will read the House bill, he will know the result of the agreement.

Then we come to the bulk sales. The majority of the Committee on Ways and Means was in favor of bulk sales, and that provision was written into the bill, although it was strongly opposed by some Members for the reason they said that if liquor was to be permitted to be sold in bulk to hotels and clubs it would be very difficult of enforcement.

Mr. FULLER. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. FULLER. Is it not a fact that the committee voted 20 to 4 to eliminate that provision?

Mr. DOUGHTON. I do not recall about that. The vote of 20 to 4 was on a motion to further insist. It became manifest that if the Senate did not recede we would have no bill.

It was realized that we could not have our own way about everything, and after it was finally realized that we must either yield on the bulk sale or have no bill, not only a majority of the Committee on Ways and Means, but practically all majority members of the committee, outside of my good friend from Arkansas, Mr. FULLER, realizing the situation and how serious it would be to have no bill and how vital it was to have some bill, decided we would better recede on that.

Mr. CELLER. Is it the purpose of the Chairman of the Committee on Ways and Means to adopt some measure at the next session of the Congress which would put brewers under the same sort of regulation?

Mr. DOUGHTON. That was the understanding, so far as you could have an understanding. We cannot bind the Congress. The Committee on Ways and Means cannot determine what this Congress will do at the next session, but we all felt that brewers should be under more rigid control. But we do feel this, that on the question of brewers, we got a reasonably fair compromise. The Alcohol Control Administration and those in control—my good friend FULLER to the contrary notwithstanding, who says we got nothing—say that the regulation of the breweries under the Senate amendment will be helpful, that it is not a complete surrender. Moreover, so far as beer is concerned, we put it under the same control in every State that the State law imposes at the present time. Further, 80 percent of the business is intrastate and cannot be controlled by the Federal Government at all.

Mr. FULLER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. FULLER. The gentleman does not mean to tell the House that the Alcohol Board of Control can regulate 80 percent of the beer that is sold inside the State?

Mr. DOUGHTON. Oh, no; I do not, but if the State does not want control, why should the Federal Government want control? I thought the gentleman believed in State rights.

Mr. FULLER. Why control distilleries when you cannot reach the breweries?

Mr. DOUGHTON. That is an entirely different matter. So far as the breweries are concerned, it was testified by the head of the Alcohol Control Administration that the breweries, since the Alcohol Administration had been set up under the N. R. A., have conducted themselves in a commendable manner. I was in favor of the breweries being licensed, but we could not get that in the bill.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. MARTIN of Colorado. How does this bulk-sales proposition work? Does it mean that a hotel or a restaurant or club can sell beer by the keg or whisky by the barrel?

Mr. DOUGHTON. No; they cannot. In the House bill bulk sales were permitted to bona fide hotels and clubs.

Mr. MARTIN of Colorado. That is, the wholesaler could sell to them in bulk?

Mr. DOUGHTON. Yes; and they could retail out of barrels. But the Alcohol Control Administration say that if that provision remained in the bill, it would cost five or six million dollars more to enforce the law and would entail a large loss of revenue.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. VINSON of Kentucky. The gentleman knows that a number of us felt that the provision in the House bill placing breweries under section 5, the section that deals with unfair-trade practices, should have been retained in the bill.

Mr. DOUGHTON. Undoubtedly.

Mr. VINSON of Kentucky. On the ground that those unfair-trade practices and their prevention would keep the breweries from getting back into the evils of the preprohibition days. As I understand it, from what has taken place, it will be the purpose of the gentleman from North Carolina, as Chairman of the Ways and Means Committee, and the Ways and Means Committee of the House, to consider in the early days of next session, in January 1936, a bill that will place the breweries under the unfair-trade practices section, section 5, without the limitation placed therein by the Senate, looking toward preventing the recurrence of the admitted abuses of the old days.

Mr. DOUGHTON. That was clearly and distinctly understood and agreed to in a conference yesterday afternoon by the majority members of the Committee on Ways and Means. If bulk sales were permitted, instead of having to inspect 700 places where liquor and beer are sold, the Treasury Department say that they would have 20,000 places to supervise, and that with the increased number of hotels and clubs that would be set up purposely for retailing liquor, thought the number would reach probably 50,000.

The expense of policing those places, seeing that liquor is not being illegally dispensed, would entail enormous expense. I do not think everyone or anyone connected with the administration of the Alcohol Control Board or the Treasury Department has sold out to the liquor interests. We have had no evidence of it. That is mere rumor floating around. The gentleman from Arkansas [Mr. FULLER], for whom I have the highest regard, is so emotional that when he sets his desire on something, and if it does not go his way, he thinks there is only one side to it. The Committee on Ways and Means believed we should adopt this conference report. As it stands now, we would have no control at all. The Senate insisted on this. They are sincere in their views and they are entitled to some consideration. In the conference report submitted to the House on the points of disagreement we got a splendid break. We got more than they on the disputed points. To say now, because you cannot have your own way about barrels, that the whole thing should be defeated, I do not think is right. The lumber industry is quite an industry in the district I represent, but still I am here trying to do what I can for the whole people of the country, regardless of what effect it may have on some industry in my district. As far as the barrel question is concerned, and whether or not we have bulk sales or whether or not it is prohibited from being sold in bulk, is not vital to this law. If we make a mistake, Congress will be here next January. There will be another Congress. It does not mean the country has gone to ruin, gone to the "bowwows", if any one provision is left in or taken out of this bill. The main thing is to get a bill; get something that will still keep liquor under control, because if we do not we will go back to the old preprohibition conditions.

You all know how serious conditions were then. If this thing is turned absolutely scotfree the people of this country will say, "You promised, if the eighteenth amendment were repealed, that you would put liquor under control and under regulation. Now you have thrown off all restrictions and absolutely turned it over with all of its iniquitous practices." It is serious to think about. With this bill we have something left to build upon. And that the majority believe is worth while; that is real and which will be helpful. There is no one provision in this bill that is so vital to me as to justify killing the bill. If the majority of opinion is against me, I can complacently surrender. The vital thing about this, the essential thing, judging by what the administration has to say about it and the Treasury Department has to say about it and the Alcohol Control Board has to say about it, and their experience is worth something, is that we should have some control. If what they say is to be absolutely ignored and disregarded, then how could we legislate here at all? The only way we can intelligently legislate is to get what information, facts, and evidence we can from those in authority, and then weigh it in the light of our own judgment and legislate accordingly.

I hope this conference report will be adopted, and if we have made mistakes or if it is shown by the administration of the law that it has defects, as all laws have, in the light of experience, we can remedy those defects.

Moreover, we now have a splendid organization set up under Mr. Choate, a Republican. He has a splendid organization there. We all know that is dead, under the N. R. A., and if we enact no legislation at all, then we are right back at the foot of the ladder, with all the ills incident to preprohibition days. That is intensified and accentuated by the fact that the liquor business is much more intelligently managed and much more highly financed today than it was then. They know better how to beat the Government and if we do not do anything to control it, then we must take the consequences.

Mr. Speaker, I hope this conference report will be unanimously adopted.

I yield to the gentleman from Oklahoma.

Mr. MASSINGALE. Does not the gentleman recall that there was an opportunity offered by several different amendments in this House when the bill was being considered, to retain the use of kegs and barrels, provided the House would deny to hotels and clubs the right to retail out of those barrels?

Mr. FULLER. Yes; and we agreed to that. I agreed to it and the committee agreed to it.

Mr. MASSINGALE. I think the gentleman from Arkansas voted against that.

Mr. FULLER. I mean in the conference or in the committee, after we passed the bill.

Mr. DOUGHTON. If they will take out licenses as rectifiers, they can bottle. There is no monopoly on the bottling industry.

There is, however, almost a monopoly in the barrel industry for the reason that all liquor that is to be aged—every gallon of it—must go into barrels. Of course, that liquor which is sold green and raw—and very little of that kind of liquor will be sold as we approach the condition where we manufacture a quantity of liquor more nearly equal with the demand—nearly all of it will go in barrels. I say so far as the barrel industry is concerned that this is sufficient recognition of the barrel and stave industry. I understood the gentleman went along with the bill until he could not have his way about barrels and bulk sales. That is his privilege, and I shall not fall out with him about that. I think he is one of the valuable men in the House. Almost all legislation is the result of compromise.

Realizing that something necessarily must be done to save the situation, the adoption of this report is the only thing that can be done at this time.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MICHENER. Briefly, without discussing anything, will the gentleman state the real controversial question about which he is talking?

Mr. DOUGHTON. The gentleman from Arkansas mentioned beer, I believe, and bulk sales.

Mr. MICHENER. The House is ready to vote on it.

Mr. DOUGHTON. I thank the gentleman and call for a vote. [Applause.]

The SPEAKER. The question is on the conference report.

The question was taken; and on a divison (demanded by Mr. McFARLANE) there were—ayes 96, noes 8.

Mr. McFARLANE. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] Evidently a quorum is not present. The call is automatic. The Clerk will call the roll.

The question was taken; and there were—yeas 279, nays 23, not voting 128, as follows:

[Roll No. 194]

YEAS—279

Adair	Buck	Cooper, Ohio	Duncan
Amlie	Buckler, Minn.	Cooper, Tenn.	Dunn, Pa.
Andresen	Buckley, N. Y.	Costello	Eagle
Andrews, N. Y.	Burch	Crosby	Eckert
Arnold	Burdick	Cross, Tex.	Edmiston
Ashbrook	Burnham	Crosser, Ohio	Ekwall
Ayers	Caldwell	Crowe	Ellenbogen
Bacon	Cannon, Mo.	Crowther	Engel
Barden	Cannon, Wis.	Cullen	Evans
Beam	Carlson	Cummings	Faddis
Beiter	Carmichael	Daly	Farley
Binderup	Carpenter	Darrow	Fenerty
Blackney	Cary	Dear	Fiesinger
Bland	Casey	Deen	Fitzpatrick
Bloom	Castellow	Delaney	Flannagan
Boehne	Cavicchia	Dempsey	Fletcher
Boileau	Celler	DeRouen	Ford, Calif.
Boland	Christianson	Dickstein	Gasque
Bolton	Church	Dies	Gavagan
Boykin	Citron	Dingell	Gearhart
Boylan	Coffee	Disney	Gehrmann
Brooks	Colden	Ditter	Gildea
Brown, Ga.	Cole, Md.	Dobbins	Goldsborough
Brown, Mich.	Cole, N. Y.	Dondero	Granfield
Brunner	Colmer	Dorsey	Gray, Ind.
Buchanan	Cooley	Doughton	Gray, Pa.
Greenway	Lewis, Colo.	Plumley	South
Greenwood	Lord	Polk	Spence
Greever	Luckey	Powers	Stack
Gregory	Ludlow	Quinn	Starnes
Griswold	Lundeen	Rabaut	Steagall
Guyer	McFarlane	Ramsay	Stefan
Haines	McKeough	Ramspeck	Stewart
Halleck	McLaughlin	Randolph	Sumners, Tex.
Hancock, N. Y.	McLean	Rankin	Taylor, Colo.
Hancock, N. C.	McReynolds	Rayburn	Taylor, S. C.
Harter	McSwain	Reed, Ill.	Taylor, Tenn.
Hartley	Mahon	Reed, N. Y.	Thom
Hess	Maloney	Reilly	Thomas
Higgins, Conn.	Mapes	Rich	Thomason
Higgins, Mass.	Marcantonio	Richards	Thompson
Hill, Ala.	Martin, Colo.	Richardson	Tolan
Hill, Samuel B.	Martin, Mass.	Risk	Tonry
Holmes	Mason	Robinson, Utah	Turner
Hope	Massingale	Rogers, Mass.	Turpin
Houston	Maverick	Rogers, Okla.	Umstead
Huddleston	Mead	Russell	Utterback
Hull	Meeks	Ryan	Vinson, Ga.
Imhoff	Merritt, Conn.	Sabath	Vinson, Ky.
Jacobsen	Merritt, N. Y.	Sadowski	Wadsworth
Jenckes, Ind.	Michener	Sanders, La.	Walter
Jenkins, Ohio	Millard	Sanders, Tex.	Warren
Johnson, Tex.	Mitchell, Tenn.	Sandlin	Wearin
Johnson, W. Va.	Monaghan	Sauthoff	Welch
Jones	Moran	Schaefer	Werner
Kahn	Moritz	Schneider	West
Keller	Mott	Schuetz	Whelchel
Kelly	O'Connell	Scott	Whittington
Kenney	O'Connor	Scrugham	Wigglesworth
Kinzer	O'Day	Sears	Wilcox
Kloeb	O'Leary	Secrest	Williams
Knutson	O'Neal	Seger	Withrow
Kopplemann	Palmisano	Shanley	Wolcott
Kvale	Parsons	Short	Wolverton
Lambertson	Patman	Sirovich	Wood
Lambeth	Patterson	Sisson	Woodruff
Lanham	Peterson, Fla.	Smith, Conn.	Woodrum
Larrabee	Peterson, Ga.	Smith, Va.	Young
Lemke	Pfeifer	Snell	Zioncheck
Lesinski	Pierce	Somers, N. Y.	

NAYS—23

Berlin	Ford, Miss.	Nichols	Terry
Cartwright	Fuller	Owen	Wilson, La.
Cravens	Hobbs	Pearson	Wilson, Pa.
Doxey	Hoeppel	Pittenger	Wolfenden
Driver	McClellan	Ransley	Zimmerman
Ferguson	Montet	Tarver	

NOT VOTING—128

Allen	Duffey, Ohio	Kennedy, Md.	O'Brien
Andrew, Mass.	Duffy, N. Y.	Kennedy, N. Y.	Oliver
Arends	Dunn, Miss.	Kerr	O'Malley
Bacharach	Eaton	Kimball	Parks
Bankhead	Eicher	Kleberg	Patton
Bell	Englebright	Kniffin	Perkins
Biermann	Fernandez	Kocialkowski	Pettengill
Blanton	Fish	Kramer	Peyser
Brennan	Focht	Lamneck	Reece
Brewster	Frey	Lea, Calif.	Robertson
Buckbee	Fulmer	Lee, Okla.	Robsion, Ky.
Bulwinkle	Gambrill	Lehlbach	Rogers, N. H.
Carter	Gassaway	Lewis, Md.	Romjue
Chandler	Gifford	Lloyd	Rudd
Chapman	Gilchrist	Lucas	Schulte
Claiborne	Gillette	McAndrews	Shannon
Clark, Idaho	Gingery	McCormack	Smith, Wash.
Clark, N. C.	Goodwin	McGehee	Smith, W. Va.
Cochran	Green	McGrath	Snyder
Collins	Gwynne	McGroarty	Stubbs
Connery	Hamlin	McLeod	Sullivan
Corning	Harlan	McMillan	Sutphin
Cox	Hart	Maas	Sweeney
Crawford	Healey	Mansfield	Taber
Culkin	Hennings	Marshall	Thurston
Darden	Hildebrandt	May	Tinkham
Dietrich	Hill, Knute	Miller	Tobey
Dirksen	Hoffman	Mitchell, Ill.	Treadway
Dockweiler	Hollister	Montague	Underwood
Doutrich	Hook	Murdock	Wallgren
Drewry	Johnson, Okla.	Nelson	Weaver
Driscoll	Kee	Norton	White

So the conference report was adopted.

The Clerk announced the following pairs:

Until further notice:

Mr. Blanton with Mr. Treadway.
Mr. Cox with Mr. Allen.
Mr. Drewry with Mr. Dirksen.
Mr. Fulmer with Mr. Crawford.
Mr. Johnson of Oklahoma with Mr. Lehlbach.
Mr. Kleberg with Mr. Taber.
Mr. Lea of California with Mr. Robsion of Kentucky.
Mr. Duffy of New York with Mr. Kimball.
Mr. McAndrews with Mr. Hollister.
Mr. Kennedy of New York with Mr. Andrew of Massachusetts.
Mr. Mansfield with Mr. Gifford.
Mr. Nelson with Mr. Bacharach.
Mr. Cochran with Mr. Carter.
Mr. Rudd with Mr. Gwynne.
Mr. Miller with Mr. Perkins.

Mr. Bankhead with Mr. Gilchrist.
Mr. McCormack with Mr. Reece.
Mr. Parks with Mr. Buckbee.
Mr. Kerr with Mr. Arends.
Mr. Oliver with Mr. Hoffman.
Mr. Sullivan with Mr. Goodwin.
Mr. Weaver with Mr. Culkin.
Mr. Bulwinkel with Mr. Doutrich.
Mr. McMillan with Mr. Brewster.
Mr. Bell with Mr. Eaton.
Mr. Biermann with Mr. Collins.
Mr. Connery with Mr. Englebright.
Mr. Darden with Mr. Fish.
Mr. Eicher with Mr. McLeod.
Mr. Duffey of Ohio with Mr. Thurston.
Mr. Smith of West Virginia with Mr. Chandler.
Mr. Fernandez with Mr. Focht.
Mr. Lamneck with Mr. Tinkham.
Mr. Gillette with Mr. Maas.
Mr. Green with Mr. Chapman.
Mr. Hamlin with Mr. Tobey.
Mr. Sweeney with Mr. Marshall.
Mr. May with Mr. Brennan.
Mr. Kee with Mr. Claiborne.
Mr. Harlan with Mr. Dieterich.
Mr. McGroarty with Mr. Frey.
Mr. Dockweiler with Mr. Clark of North Carolina.
Mr. Wallgren with Mr. O'Brien.
Mr. Knute Hill with Mr. Smith of Washington.
Mr. Lucas with Mr. Clark of Idaho.
Mr. Kennedy of Maryland with Mr. Gassaway.
Mr. Dunn of Mississippi with Mr. Gambrill.
Mrs. Norton with Mr. Kocialkowski.
Mr. Kniffin with Mr. O'Malley.
Mr. McGehee with Mr. Patton.
Mr. Healey with Mr. Lloyd.
Mr. Lee of Oklahoma with Mr. Gingery.
Mr. Lewis of Maryland with Mr. McGrath.
Mr. Hennings with Mr. White.
Mr. Rogers of New Hampshire with Mr. Pettengill.
Mr. Underwood with Mr. Hook.
Mr. Meeks with Mr. Montague.
Mr. Hildebrand with Mr. Murdoch.
Mr. Sutphin with Mr. Schulte.
Mr. Snyder with Mr. Robertson.
Mr. Mitchell of Illinois with Mr. Stubbs.
Mr. Romjue with Mr. Peyser.

Mr. PEARSON changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

STAY DEPORTATIONS—HOUSE RESOLUTION 337

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain statements made by Col. D. W. MacCormack, Commissioner of Immigration and Naturalization, Department of Labor, in connection with House Resolution 337.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. O'DAY. Mr. Speaker, under leave to extend and revise my remarks, I insert in the RECORD, as supporting House Resolution 337, certain excerpts from the statement made by Col. Daniel W. MacCormack, the Commissioner of Immigration and Naturalization, during public hearings April 9 to 11, 1935, conducted before the House committee on H. R. 6795, as follows:

Mr. MACCORMACK. * * * We have, however, the right to determine when deportation shall take place. That is a right that has been established and exercised through all the years the immigration acts have been in existence.

We set aside cases that at first appeared to us to be appealing, and fixed a date for deportation as of July 1 of last year; to enable our presenting these cases to Congress for its consideration.

Congress failed to act favorably upon the first of the bills presented, as those of us who were present are painfully aware, but directly thereafter the gentleman who had led the battle on them came to us and urged us to continue the stay of the cases already stayed, and to continue the stay of such similar cases as might arise in the interval between Congress' departure and its return.

I refused to continue with the stay of these cases until I could have some definite proof that that was the intention, if not of the Congress as a whole, at least of the committee which was responsible for its immigration and naturalization activities.

Your committee passed a resolution unanimously, which was communicated to the Secretary of Labor and to myself, as Commissioner of Immigration and Naturalization. In that resolution, you asked us to continue the stay of the cases already stayed, and of such other cases as might arise in the interval before Congress again convened.

A bill was introduced into the Congress, with the same sort of a preamble to it. We considered these actions as evidence of an intention to seriously consider the proposals we had submitted and stayed the deportation of those cases, and of the new cases that have arisen.

Now—and I wish to say this most seriously—I would not have felt that I was entitled to my own self-respect had I failed to stay the deportation of the cases which have been stayed, or had I failed to use every effort to present the facts I have given to you today, to the Congress. We have been, of course, attacked for having stayed these cases.

The CHAIRMAN. You are not talking about criminals?

Mr. MACCORMACK. No.

The CHAIRMAN. You are only talking about people who have been convicted of no crime at all?

Mr. MACCORMACK. Absolutely, sir; but I wish to make it entirely clear that, unless this Congress gives us a mandate which is clear and unmistakable, as to what we shall do, I must and will proceed with the deportation of these cases, before Congress has departed.

There is no reason in the world why Congress should depart and I be left behind to take the burden of doing this thing—this abominable thing, that should not be done. The responsibility is yours, gentlemen, and you have got to carry it.

Now, as to the stayed cases. During a period of approximately 22 months, there have been stays of deportation in the cases of 2,355 aliens. That is an average of 107 cases a month. Now, that is a comparatively small number, and certainly not important; but, gentlemen, it means 107 cases a month in which there will be a separation, and perhaps a permanent separation, of families, if these people, who are of good character, are forced to depart.

Of these 2,355 cases, 1,569 have been stayed by the central office. The balance have been stayed in the field. We have analyzed the 1,569 cases in the central office.

With reference to the present group of cases we have given them a careful preliminary study. The 1,569 cases are classified as follows: There are 79 that are distinctly above average. They are exceptional people. There are 1,085 that may be considered as average cases; these are cases in which in all probability we would exercise discretion if granted. There are 312 cases that are listed as questionable, in which there is a decided question as to whether discretionary power should be exercised; and there are 93 cases which are rated as "poor", in which almost certainly there would be deportation without any question. I have not the calculation here, but I believe that in approximately 74 percent of the cases we now have it is likely the discretion would be used, 26 percent that would, in almost certainty be deported.

In considering lenient treatment for such people there must be some consideration as to the effect upon their families and the effect upon the United States should they be forced to leave the country. In these 1,569 cases there are 4,066 American-citizen or legal-resident wives, husbands, children, brothers, sisters, or parents in this country. Approximately two and a half times the number of people deported would be left behind.

Of this 4,066, there are 2,012 American citizens, and 350 lawfully resident aliens who are dependent upon the prospective deportees for support, and who would become public charges in the event of their departure. That is, you deport 1,569, and you arrange that the United States shall thereafter care for 2,353.

Again, once and a half the number deported are forced to remain here as public charges.

Furthermore, of this group, 68 percent are, under existing law, permitted to return to the United States, in a preference, or in a nonquota status. Thus, in the class of case for which we recommend lenient treatment nothing is to be gained by deportation. Sixty-eight percent of them can return to the country, anyway, in the course of time. Then, you are leaving two and one-half times the number of relatives here as compared to the number deported. You are leaving once and a half times the number of relatives here, to become charges on the State, as compared to the number deported. So you have here a law which is not only cruel but foolish, one which imposes unbearable hardships upon the alien and upon his innocent family, and very serious and useless financial charges upon the United States.

Mr. MCCORMACK. I would like to point out and to have you bear in mind that here you have a law that in its liberal aspects, this section 4, can possibly affect a maximum of 107 people a month.

Mr. STARNES. You say that is the number it can affect?

Mr. MACCORMACK. That is the maximum. Of that 107, as we have rechecked the cases, we are convinced that not more than 74 percent would be actually beneficiaries, so that you have approximately 80 people a month who would be affected favorably by this law. That is a very small number perhaps you will say for all this fuss.

Mr. STARNES It could be abused, we know that. That is where the fuss comes.

Mr. MACCORMACK. I think we have eliminated any possibility of abuse. We have devcted now 2 years to this thing, to take care of about 80 people a month. Now, why have we done that? Not because we want to keep 80 aliens in the country who have entered illegally or who have become subject to deportation in one way or another, but because that means 80 families broken up each month and for the most part irrevocably broken up. That is something for us to have in mind.

Mr. STARNES. In other words, it is just simply a more humane exercise of the law?

Mr. MACCORMACK. And an exceedingly restricted one.

The aliens who would escape the penalty of deportation under this act should not exceed, by an actual test carried on over a period of 22 months, 107 persons per month. We have deported

or forced to leave voluntarily in the last year 16,000 aliens. One hundred and seven stayed cases per month would be, roughly, 1,284 a year, or a total of seventeen-thousand-and-some-odd possible total deportations. Of the 1,284 per annum who could possibly benefit by this act, we find upon examination that not more than 74 percent of them would actually be beneficiaries. That is, of all the persons who fall within the scope of the act, approximately 74 percent would actually be given the benefit of discretionary power, or approximately 950 persons a year. Nine hundred and fifty a year out of more than 17,000 possible deportations and voluntary departures is approximately 5 percent.

WILL ROGERS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD, and to include therein a tribute to the late Will Rogers, of Oklahoma.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, under leave to extend my remarks, I am presenting a very splendid tribute to the late Will Rogers, the famous humorist and philosopher. This was written by Waldo Wettengel, a brilliant young newspaperman of Rush Springs, Okla., and has been published in a number of leading newspapers, as follows:

"AW, SHUCKS—"

Ambling along, his shrewd kindly eyes
Shyly viewing the beauties
Of a new land—
Seizing the hand of an old crony,
Or of a president, fellow-ambassador, Senator,
or prince—
Grinning wistfully—and humbly before his Creator
Perhaps saying, whimsically:
"Y'know, Lord, all I know is what I've read
In the papers
'N' picked up as I gadded around
Hither 'n' yon;
But all this stuff that's in the papers
Just now.
Page on page—'n all the pictures—
Aw, shucks, Lord,
I wish I coulda earned
A little mite of it.
They mean well, Lord—don't hold it against 'em,
Let's just call it good-intentioned
Exaggeration;
They're just bein' kind
To an ignor'nt ol' cowhand
From Ologah.
Y'know, Lord, that's a great bunch
You've got down there,
Senators 'n all;
I'm gonna miss 'em for a while,
But they'll be comin' along.
I had no idy
They felt—that way—about—aw, shucks, Lord—
After the way I've kidded 'em,
'N all—
But I've never hurt 'em till now
An' I'm just wonderin', Lord,
If there ain't some way
You can ease it up for 'em?
Just tell 'em that—shucks—it ain't bad like that a'tall—
An' that this round-up's just fine an'
Prettier than the song.
Y'see, Lord, that down there gets right next to me, an'
Shucks, there ain't nothin'
I c'n do about it;
So do what you can, won't You, Lord?
I've got lots of confidence in Your ability
Along that line.
Well, there goes those bells—my time's up,
So I'll be moseyin' along.
Say, Lord! Ain't that ol' boy over there
From Claremore?"

—Waldo Wettengel, Rush Springs, Okla.

EXTENSION OF REMARKS

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. The gentleman has that privilege.

FOUR HUNDREDTH ANNIVERSARY OF EXPEDITION OF HERNANDO DE SOTO

Mr. KELLER. Mr. Speaker, I call up the conference report on House Joint Resolution 265 pertaining to an appropriate celebration of the four hundredth anniversary of the expedition of Hernando De Soto.

The Clerk read the title of the bill.

Mr. KELLER. Mr. Speaker, I ask unanimous consent that the statement of the managers may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

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 joint resolution (H. J. Res. 265) pertaining to an appropriate celebration of the four hundredth anniversary of the expedition of Hernando De Soto, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recedes from its amendments.

KENT E. KELLER,
ROBT. SECREST,
ALLEN T. TREADWAY,
Managers on the part of the House.

ALBEN W. BARKLEY,
KENNETH MCKELLAR,
PETER NORBECK,
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. 265) pertaining to an appropriate celebration of the four hundredth anniversary of the expedition of Hernando De Soto submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

That the Senate recedes from its amendments.

KENT E. KELLER,
ROBT. SECREST,
ALLEN T. TREADWAY,
BERT LORD,
Managers on the part of the House.

Mr. SNELL. Mr. Speaker, will the gentleman explain the conference report?

Mr. KELLER. The Senate recedes from its amendments.

Mr. TABER. How much money is involved?

Mr. KELLER. Five thousand dollars.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXTRA LABOR AT CERTAIN NAVY YARDS AND SHORE STATIONS

Mr. RAMSPECK. Mr. Speaker, I call up the conference report on the bill (S. 872) for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims.

The Clerk read the title of the bill.

Mr. RAMSPECK. Mr. Speaker, I 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 Georgia?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

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. 872), an act for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims, 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 disagreement to the amendment of the House numbered 1, and agree to the same.

Amendments numbered 2, 3, 4, and 5: That the Senate recede from its disagreement to the amendments of the House numbered 2, 3, 4, and 5, and agree to the same with amendments as follows: Restore the numerals stricken out by the said House amendments, and on page 5, line 14, of the engrossed bill, after the word "pay", insert the following: "one-half of"; on page 5, line 17, after the word "aforesaid", insert the following: ", and pay the other one-half of the same to the attorney or attorneys who performed services toward securing provision for the payment herein of the amounts so found"; on page 5, line 17, after the

words "death of", insert the following: "any of"; on page 5, lines 21 and 22, strike out the words "of such fee" and insert the following: "for such services"; and the House agree to the same.

AMBROSE J. KENNEDY,
U. S. GUYER,
ROBERT RAMSPECK,
Managers on the part of the House.
DAVID I. WALSH,
WM. E. BORAH,
ROYAL S. COPELAND,
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 House to the bill (S. 872) for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims submit the following written statement explaining the effect of the action agreed upon.

In principle, there were only two House amendments on the Senate bill in disagreement, as follows:

(1) The proforma amendment in section 1 of the bill, which provides that the money appropriated shall be appropriated out of any money in the Treasury not otherwise appropriated, and which amendment was agreed to by the managers on the part of the Senate.

(2) The House amendments to section 3 of the bill had changed the figures "20 percent" to "10 percent." These amendments were receded from by the managers on the part of the House upon the acceptance by the managers on the part of the Senate of certain amendments in the form of limitations as to the payment of said 20 percent to the attorneys. The allowance of said 20 percent to attorneys, both for services in the Court of Claims in securing findings, and for services in securing payment of the amounts so found, is based upon long-established precedents.

AMBROSE J. KENNEDY,
U. S. GUYER,
ROBERT RAMSPECK,
Managers on the part of the House.

Mr. SNELL. Mr. Speaker, will the gentleman explain the conference report?

Mr. RAMSPECK. Mr. Speaker, the Senate passed this bill with a provision limiting attorneys' fees to 20 percent. The House amended the bill limiting the attorneys' fees to 10 percent. The agreement reached in conference divides the attorneys' fees, allowing 10 percent for attorneys who appeared in the Court of Claims and an additional 10 percent if they followed the matter to Congress and represented the claimants there.

Mr. SNELL. I thank the gentleman.

Mr. RAMSPECK. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that during the remainder of this session of Congress it shall be in order to suspend the rules notwithstanding the provisions of clause 1 of rule XXVII.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. McFARLANE. Mr. Speaker, reserving the right to object, what is rule XXVII?

Mr. O'CONNOR. Mr. Speaker, rule XXVII pertains to suspension of the rules being in order on the first and third Mondays of each month.

Mr. MICHENER. Mr. Speaker, reserving the right to object, we expect to adjourn, as I understand it, tonight; therefore, the gentleman from New York or the Speaker must have in mind the suspensions which will be recognized. If the gentleman will give the House a list of these suspensions, it will expedite matters and we will know what we are voting on. Certainly there will be no objection to the request under those circumstances.

Mr. O'CONNOR. Mr. Speaker, I have a rule here in case objection is made. I am trying to save time.

Mr. MICHENER. The gentleman has a rule to do that, but can he not tell the House now, and take the Members into his confidence, the suspensions that will be brought up?

Mr. O'CONNOR. At this moment the only two possibilities I know of are the oil compact and the ocean-mail contract proposition.

Mr. MICHENER. I have no objection.

Mr. SNELL. Mr. Speaker, reserving the right to object, is it the intention to adjourn tonight sometime?

Mr. O'CONNOR. I know no more about that than does the gentleman.

Mr. SNELL. Somebody connected with the leadership of this House should know something about it.

Mr. O'CONNOR. It is our hope and desire that we may get out of here tonight, as far as I know. It depends on another body, and if there is a hold-up, there on the deficiency bill, for instance, we may not get through.

Mr. SNELL. The leader in the other body stated publicly in the papers, as he is quoted, that the House was holding up adjournment.

Mr. O'CONNOR. Well, the gentleman knows that is not correct.

Mr. SNELL. I did not think so, but I wanted to get the Chairman of the Rules Committee to assert himself in order to bring this session to a close.

Mr. TAYLOR of Colorado. We have not had a conference on the deficiency bill as yet.

Mr. RICH. Mr. Speaker, reserving the right to object, may I make this comment at the present time. I presume I have given the Speaker of the House as much trouble as any Member of the House in asking recognition on the floor. I want to say that I have the highest regard for Speaker BYRNS. I honor and respect the Speaker of the House of Representatives. [Applause.] I believe he is one of the most fair, honest, and conscientious men in the House. He has made a fine presiding officer, and notwithstanding the trouble I have given him, I honor, I respect and regard him as a fine Christian gentleman. He is in every sense a man. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. WEARIN. Mr. Speaker, reserving the right to object, may I inquire of the gentleman what effect his request will have on the ship-subsidy legislation, which is covered by Senate Joint Resolution 175?

Mr. O'CONNOR. That is one of the possibilities that may come up under suspension.

Mr. WEARIN. It will come up under suspension of the rules rather than under a rule?

Mr. O'CONNOR. Yes.

Mr. WEARIN. Mr. Speaker, I object.

Mr. O'CONNOR, from the Committee on Rules, reported the following privileged resolution:

House Resolution 371

Resolved, That during the remainder of the first session of the Seventy-fourth Congress it shall be in order for the Speaker to entertain motions to suspend the rules notwithstanding the provisions of clause 1 of rule XXVII.

Mr. O'CONNOR. Mr. Speaker, this is a resolution making in order the suspension of the rules.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CUSTOMS AND INTERNAL-REVENUE EMPLOYEES

The SPEAKER. When the House took a recess last night there was under consideration the bill (S. 3286) to abolish the oath required of customs and internal-revenue employees prior to the receipt of compensation, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. CELLER], as a substitute to the amendment offered by the gentleman from Pennsylvania [Mr. DALY].

Mr. SNELL. Mr. Speaker, I ask unanimous consent that the two amendments be read again.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Daly amendment and the Celler substitute amendment.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to be permitted to explain this amendment again. Although it was explained last night, most of the Membership were not present. We had only a small number present in the House at that time.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, I hesitate to offer another explanation of this amendment, and I only do so because I want to be sure that the Members will vote intelligently on it. Most of those present this morning were absent at midnight last night when my amendment was offered, and a brief explanation in support thereof was made.

This simply provides that the investigation which the Treasury Department might inaugurate into the activities of any customhouse broker shall be limited—limited as to time and scope. The amendment seeks to limit in a reasonable way the investigational powers of the Treasury Department of customs agents. That is all it does. Under the bill as it is now drawn, at the bottom of page 5 and the upper part of page 6, the Treasury Department has plenary powers to do any and all kinds of investigating. They may investigate all the correspondence of a customhouse broker with no limit of time being set. They could go back 100 years. Such private correspondence as letters to his wife or family could be investigated under this broad power. I think this would be unfortunate and if you could be assured——

Mr. COOPER of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. CELLER. I yield.

Mr. COOPER of Tennessee. I am sure the distinguished gentleman from New York does not want to convey the information to the House that is implied by his last statement. Certainly, the private correspondence of these people is in no way involved in the provisions of this bill.

Mr. CELLER. If I am wrong I want to be corrected, but I do not think I am wrong, because the bill is very broad, its language is broad. It should be clarified so as to avoid all doubt.

Mr. COOPER of Tennessee. I invite the gentleman's attention to the fact that the very clear and definite language of the bill itself is "information relating to the business." It involves no private correspondence with a man's family or anything of that sort.

Mr. CELLER. I do not think the language of the bill is so restricted as to limit it to merely the business correspondence. I think in its general tenor it is broad enough to cover almost anything he may have in his desk or his cabinet or office or wherever he may transact his business.

Furthermore, there is no limitation as to time. All my amendment does is to limit the investigation to the particular merchandise that is under consideration as to its value and as to its classification, and the amendment also limits it to 1 year.

It is very significant that nowhere do we give powers as broad as this to the Treasury Department to investigate any class of men. As a class I think the customhouse brokers are honest. Like every other class they are entitled to have their crooks and thieves. There are some crooks and thieves in all segregated groups of men.

Take, for example, those who practice before the Treasury Department and its bureaus like Internal Revenue, Alcohol Tax, Income Tax, and so forth. I understand from the report there are 35,000 accountants and attorneys enrolled in the Treasury Department to practice before its various bureaus. There is no attempt made to inflict these broad powers upon these 35,000 accountants and attorneys. The Treasury Department cannot go into their offices and examine almost everything in sight. If those who practice before the Treasury Department, the Bureau of Internal Revenue, the Income Tax Bureau, as well as the other bureaus of the Treasury are not subjected to this inquisitorial power, why should we apply this power to the customhouse brokers because a few of them may be renegades?

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from New York.

Mr. SNELL. I cannot see any objection to the part of the amendment that limits the time in which they act. They can make any investigation necessary in regard to Government business within 1 year, but I do not believe we ought to limit them in any other way. It seems to me if they can go back 1 year that is far enough.

Mr. CELLER. I agree with the gentleman as to the time element.

Mr. SNELL. But I would not limit it in any other way and would let them look into Government business as far as they want to.

Mr. CELLER. I think the gentleman will find my amendment satisfactory, if he examines it carefully.

Mr. SNELL. I inferred from the gentleman's statement there were some limitations other than the limitation with respect to time.

Mr. CELLER. The only other limitation is with respect to classification and value.

Mr. SNELL. I would not do anything but limit it to 1 year.

Mr. CELLER. Judging from what the Chairman of the Ways and Means Committee intimates, anyone who espouses restrictions on these broadest inquisitorial powers wants to block the bill. That argument is fallacious as it is unfair and ridiculous. If an amendment successfully made forces a conference with the Senate, that is unfortunate. A conference could be quickly had, and the bill could be passed in both Houses without much ado. And if a conference could not be held, that would be unfortunate. But we should not rush bills through without our proper consideration and amendment, just because it is the last day of the session. The bill should have been brought in sooner.

Furthermore, the chairman of the committee is in bad taste in accusing the supporters of this amendment of aiding the brokers who fear investigation.

Mr. DOUGHTON. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, if the amendment of the gentleman from New York is adopted it means absolutely no legislation whatever. I do not question the motive of any Member of this House with respect to anything he may do, but whether this is intended or not, the result will be the same as an ingenious effort to defeat or prevent any legislation at this session of the Congress.

In the first place, we are considering the Senate bill in lieu of the House bill, and they are identical bills. The reason for this was that we knew if we adopted the House bill and it had to go to the Senate for concurrence, at this late hour, it would prevent any legislation whatever, and if this amendment is adopted it means absolutely no legislation whatever. There is no doubt about it. If we adopt the amendment at this late hour we all know it will not be taken up in the Senate, and that means no legislation.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CELLER. If we may assume there is an unfair provision in the House bill and a conference is necessary, I do not think the gentleman should object to eliminating it.

Mr. DOUGHTON. There is absolutely nothing unfair in the bill. The gentleman's amendment is nothing but an attempt to kill the legislation.

Mr. CELLER. I do not attempt to kill the legislation. I stated I was in favor of the bill.

Mr. DOUGHTON. If the gentleman does not intend to kill the legislation, do not insist on the amendment. How could the gentleman be in favor of the bill when he knows it could not be passed if this amendment is adopted?

Mr. CELLER. That is entirely another matter.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. VINSON of Kentucky. I think the statement should be made to the House that the hearings show that revenue in material sums is lost yearly through the chicanery of certain customhouse brokers.

Gentlemen representing the customhouse brokers want legislation of this character in order to protect them from the dishonest customhouse brokers. That is a fair statement.

A recent investigation by the Treasury Department disclosed that unlimited frauds on the Government are being committed. Some men under investigation and likely to be indicted are down here lobbying. They are suspected of these frauds and are down here lobbying against this bill.

(The time of Mr. DOUGHTON having expired, he was given 5 minutes more.)

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER of Tennessee. I am sure the chairman will recall that in the hearings held on this bill by the subcommittee of the Ways and Means Committee, of which the gentleman from Massachusetts [Mr. MCCORMACK] was chairman, this whole matter was thoroughly gone into. The distinguished gentleman from New York, Dr. CROWTHER, took a very active interest in it, and all questions raised during the hearings were worked out in this bill. Three hundred million dollars in customs duties were involved in transactions handled by customs brokers in 1934. This bill is to protect the rights and interests of the importers and to protect the legitimate and honest customhouse brokers and to protect the revenue of the Government.

Mr. DOUGHTON. There is no question about that.

Mr. MICHENER. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MICHENER. All the members of the Ways and Means Committee were in favor of this bill?

Mr. DOUGHTON. Yes; it is a unanimous report. As the gentleman from Tennessee [Mr. COOPER] states, it involves $300,000,000. The Government is being cheated out of revenue, and the honest broker has no objection to the bill. The truth is they want the bill postponed until January or some future time so they can cover up their misdeeds. No honest broker has any objection to it, because it is a protection to him.

Mr. CELLER. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CELLER. The bill provides that the investigation may be conducted by a duly accredited agent of the Government. I am a little confused as to why you did not say agent of the customhouse.

Mr. DOUGHTON. The gentleman from Massachusetts, [Mr. MCCORMACK] introduced this bill and it was carefully considered by a subcommittee of which he was chairman. He went into every phase of it. He was called away on urgent business and could not be here this morning. He knows 10 times more about it than the gentleman from New York.

Mr. CELLER. Mr. Speaker, I wanted to know the reason why this language was used.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. REED of New York. Mr. Speaker, this bill had the most careful consideration. All interested parties had a full opportunity to be heard. I do not know of any bill that has had more careful consideration by the Committee on Ways and Means than this bill. What the chairman said is right—frauds are running rampant—and the purpose of this bill is an endeavor on the part of Congress to save revenue for the Government. I cannot see for the life of me how any reputable firm of brokers can object to the provisions of this bill. I think it ought to be passed.

Mr. CROWTHER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. CROWTHER. I think the answer to this proposition is the fact that this bill will not hurt any reputable customs broker and no reputable customs broker could object to it at all. Study the bill, after reading the report by the customs authorities, as to the racket that is going on, and anyone will conclude that what I say is correct.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. CROWTHER. Mr. Speaker, I move to strike out the last word. As my colleague, Mr. REED, has stated, this bill was given most careful consideration by the subcommittee. I was not a member of the subcommittee, but through the courtesy of Mr. MCCORMACK I attended the meetings. Section 641 of the 1930 Tariff Act was first suggested in 1922, by the customs brokers. They attempted to set up a standard for themselves; in fact, they wrote a sort of code. They provided for examination by the collector of customs, and there was provision for appeal on revocation of license. These customs brokers occupy a peculiar relation to the United States Government. They are pseudo Federal officers in the sense that they handle the customs revenue as between the Government and the importer. They have a peculiar relation to the Government of the United States through the customs department and it seems to me, in the light of information that comes to us in this report, that the Government ought to have complete authority for a thorough examination of their transactions in order to end this racketeering and depleting of the revenue of the Government of the United States. The bill, as I say, will not hurt a single reputable customs broker. Some of those who have their office under their hat may be disturbed by this proposed legislation. I do not think the amendment is necessary. I do not believe that my colleague from New York, Mr. CELLER, can look forward to the Treasury of the United States cracking down on or snooping into the books of any customs brokers who are not involved in some shady transactions of this character. I am sure that the Treasury would never so offend, but the Treasury ought to have the power to go into the records, and ought to have the power to compel these men who have a license, and on whom the Treasury has put its stamp of approval, to submit to this examination. The Treasury in effect says to the importer, "Here is a United States employee whom I have licensed and given my stamp of approval." It seems to me that the Government ought to have some control over them.

Mr. COOPER of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. CROWTHER. Yes.

Mr. COOPER of Tennessee. I am sure the distinguished gentleman from New York, who has given such intensive study and consideration to this measure, will agree that both of these pending amendments should be voted down to protect this very worthy measure.

Mr. CROWTHER. There is no question about that.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. CROWTHER. Yes.

Mr. SNELL. One of the large customs districts is in the northern part of New York. The men in charge there have been in consultation with me about this bill from its beginning, and the best information I can get is that there is nothing in the bill, even at the present time, that will in any way interfere with an honest customs broker conducting his regular business. Personally, I do not see any objection to the amendment of my friend from New York, but I would not want to defeat the bill, if the adoption of the amendment would do that.

Mr. DALY. Mr. Speaker, I rise in opposition to the pro forma amendment.

Any man who heard me speak last night knows that I stated this: I went as far as it was possible to go when I stated that every regulation required, I approved of. When it came to the inspection of customhouse brokerage books I approved of it. I think it was a proper regulation. Every Member that heard me knows I stated that I subscribed to everything in the bill, including an examination of all books, but I did object to any department having the right to go into the private correspondence between a quasi-legal officer and a client on business. On that I stand flat. I do not

believe there is a lady or gentleman in this House that can disapprove of that.

I want to call the attention of the House to the fact that in a customhouse broker's case in Boston last spring when there was a suspicion of wrongdoing, an inspector from the Treasury Department went into that broker's office and examined everything in it and made a report to the Treasury Department which read:

I regret to state I can find nothing wrong.

I want to ask every one of you if you think in your own business, in confidential business between attorney and client, a doctor and his patient, a quasi-legal officer, a customhouse broker and his client, there should be snoopers. That is the word I used, and I repeat it. When a snooper went into that office and made a report of this kind I would be justified in impugning the motives of the Treasury Department. But I do not. I made an appeal last night, and I repeat it today, everything in that bill I stand for—regulations, rules, books, accounts, examination of them, in order that any fraud could be pursued and exposed at this moment, but when you go so far as to allow a man of that character to go into an office, it is, as I said last night, going too far. The Department of Justice, would be just as logical in having legislation passed providing that they could send an investigator into an attorney's office and examine his private correspondence with every client he had. That is unconscionable. Therefore I ask for the adoption of my amendment. [Applause.]

[Here the gavel fell.]

The SPEAKER. The question is on the perfecting amendment offered by the gentleman from New York [Mr. CELLER].

The amendment was rejected.

The SPEAKER. The question recurs upon the amendment offered by the gentleman from Pennsylvania [Mr. DALY].

The question was taken; and upon a division (demanded by Mr. DALY) there were ayes 52 and noes 93.

Mr. DALY. Mr. Speaker, I challenge the vote on the ground that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Evidently there is no quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

Mr. DALY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DALY. A vote of "aye" on this question is a vote in favor of my amendment, and a vote of "no" is against the amendment?

The SPEAKER. The gentleman is correct.

The question was taken; and there were—yeas 80, nays 233, answered "present" 4, not voting 113, as follows:

[Roll No. 195]

YEAS—80

Bacon	Dickstein	Hoeppel	O'Connor
Beam	Disney	Holmes	O'Leary
Bloom	Ditter	Hope	O'Neal
Boylan	Dorsey	Kahn	Palmisano
Brunner	Driscoll	Kelly	Parsons
Buckley, N. Y.	Duffey, Ohio	Kenney	Pittenger
Cannon, Wis.	Duffy, N. Y.	Kinzer	Quinn
Carlson	Dunn, Pa.	Kopplemann	Ransley
Carpenter	Eckert	Lehlbach	Risk
Casey	Ekwall	Lord	Somers, N. Y.
Cavicchia	Ellenbogen	McKeough	Stack
Celler	Evans	McLaughlin	Stewart
Chandler	Fenerty	Mason	Taylor, Tenn.
Church	Fitzpatrick	Massingale	Tinkham
Citron	Ford, Calif.	Mead	Tonry
Cole, Md.	Gavagan	Merritt, N. Y.	Utterback
Culkin	Granfield	Mitchell, Ill.	White
Daly	Gwynne	Moritz	Wilson, Pa.
Darrow	Hartley	Mott	Wolfenden
Delaney	Healey	O'Connell	Wolverton

NAYS—233

Adair	Bland	Buchanan	Castellow
Amlie	Boehne	Buck	Christianson
Andrews, N. Y.	Boileau	Buckler, Minn.	Clark, N. C.
Arnold	Boland	Burnham	Coffee
Ayers	Bolton	Caldwell	Colden
Barden	Boykin	Cannon, Mo.	Cole, N. Y.
Beiter	Brooks	Carmichael	Colmer
Binderup	Brown, Ga.	Cartwright	Connery
Blackney	Brown, Mich.	Cary	Cooley
Cooper, Ohio	Hancock, N. Y.	Merritt, Conn.	Sears
Cooper, Tenn.	Hancock, N. C.	Michener	Secrest
Costello	Harter	Millard	Seger
Cox	Hess	Miller	Shanley
Cravens	Higgins, Conn.	Mitchell, Tenn.	Short
Crosby	Hildebrandt	Monaghan	Sirovich
Cross, Tex.	Hill, Ala.	Montet	Sisson
Crosser, Ohio	Hill, Samuel B.	Moran	Smith, Conn.
Crowther	Hobbs	Murdock	Smith, Va.
Cummings	Huddleston	Nichols	Snell
Dear	Hull	Patman	South
Deen	Imhoff	Patterson	Spence
DeRouen	Jacobsen	Pearson	Starnes
Dingell	Jenckes, Ind.	Peterson, Fla.	Steagall
Dobbins	Jenkins, Ohio	Peterson, Ga.	Stefan
Dondero	Johnson, Okla.	Pettengill	Sumners, Tex.
Doughton	Johnson, Tex.	Pfeifer	Taber
Doxey	Johnson, W. Va.	Pierce	Tarver
Drewry	Jones	Plumley	Taylor, Colo.
Driver	Keller	Polk	Taylor, S. C.
Duncan	Kerr	Powers	Terry
Eagle	Kloeb	Rabaut	Thom
Edmiston	Knutson	Ramsay	Thomas
Engel	Kocialkowski	Ramspeck	Thomason
Englebright	Kvale	Randolph	Thompson
Faddis	Lambeth	Rayburn	Tolan
Farley	Lanham	Reed, Ill.	Turner
Ferguson	Larrabee	Reed, N. Y.	Umstead
Fiesinger	Lea, Calif.	Reilly	Vinson, Ky.
Flannagan	Lesinski	Rich	Wadsworth
Fletcher	Lewis, Colo.	Richards	Walter
Focht	Lewis, Md.	Richardson	Warren
Ford, Miss.	Luckey	Robinson, Utah	Wearin
Fulmer	Ludlow	Rogers, Mass.	Weaver
Gasque	McClellan	Rogers, Okla.	Welch
Gearhart	McFarlane	Russell	Werner
Gehrmann	McGehee	Ryan	West
Gildea	McLean	Sabath	Whelchel
Gingery	McReynolds	Sadowski	Whittington
Goldsborough	McSwain	Sanders, La.	Wigglesworth
Gray, Ind.	Mahon	Sanders, Tex.	Wilcox
Green	Maloney	Sandlin	Williams
Greenway	Mapes	Sauthoff	Withrow
Greenwood	Marcantonio	Schaefer	Wolcott
Greever	Martin, Colo.	Schneider	Wood
Gregory	Martin, Mass.	Schuetz	Woodruff
Griswold	Maverick	Schulte	Young
Guyer	May	Scott	Zimmerman
Haines	Meeks	Scrugham	Zioncheck
Halleck			

ANSWERED "PRESENT"—4

Ashbrook	Goodwin	Gray, Pa.	O'Day

NOT VOTING—113

Allen	Dietrich	Kimball	Perkins
Andresen	Dirksen	Kleberg	Peyser
Andrew, Mass.	Dockweiler	Kniffin	Rankin
Arends	Doutrich	Kramer	Reece
Bacharach	Dunn, Miss.	Lambertson	Robertson
Bankhead	Eaton	Lamneck	Robsion, Ky.
Bell	Eicher	Lee, Okla.	Rogers, N. H.
Berlin	Fernandez	Lemke	Romjue
Biermann	Fish	Lloyd	Rudd
Blanton	Frey	Lucas	Shannon
Brennan	Fuller	Lundeen	Smith, Wash.
Brewster	Gambrill	McAndrews	Smith, W. Va.
Buckbee	Gassaway	McCormack	Snyder
Bulwinkle	Gifford	McGrath	Stubbs
Burch	Gilchrist	McGroarty	Sullivan
Burdick	Gillette	McLeod	Sutphin
Carter	Hamlin	McMillan	Sweeney
Chapman	Harlan	Maas	Thurston
Claiborne	Hart	Mansfield	Tobey
Clark, Idaho	Hennings	Marshall	Treadway
Cochran	Higgins, Mass.	Montague	Turpin
Collins	Hill, Knute	Nelson	Underwood
Corning	Hoffman	Norton	Vinson, Ga.
Crawford	Hollister	O'Brien	Wallgren
Crowe	Hook	Oliver	Wilson, La.
Cullen	Houston	O'Malley	Woodrum
Darden	Kee	Owen	
Dempsey	Kennedy, Md.	Parks	
Dies	Kennedy, N. Y.	Patton	

So the amendment was rejected.

The Clerk announced the following additional general pairs:

Mr. Woodrum with Mr. Crawford.
Mr. Vinson of Georgia with Mr. Dirksen.
Mr. Burch with Mr. Allen.
Mr. Cullen with Mr. Thurston.
Mr. Rankin with Mr. Lambertson.
Mr. Sullivan with Mr. Arends.
Mr. Chapman with Mr. Lundeen.
Mr. Corning with Mr. Turpin.
Mr. Fuller with Mr. Robsion of Kentucky.
Mr. Kleberg with Mr. Perkins.
Mr. Hart with Mr. Lemke.
Mr. Montague with Mr. Kimball.
Mr. Rudd with Mr. Andresen.
Mr. Hennings with Mr. Burdick.
Mr. Wilson of Louisiana with Mr. Houston.
Mrs. Norton with Mr. Lee of Oklahoma.
Mr. Lloyd with Mr. Owen.
Mr. Patton with Mr. McGrath.

Mr. Lamneck with Mr. Higgins of Massachusetts.
Mr. Fernandez with Mr. Dempsey.
Mr. Berlin with Mr. Stubbs.
Mr. Smith of Washington with Mr. Sutphin.
Mr. Brennan with Mr. Rogers of New Hampshire.
Mr. Dies with Mr. Crowe.

Mr. EAGLE changed his vote from "aye" to "no."

Mr. RAMSPECK changed his vote from "aye" to "no."

Mr. MEAD changed his vote from "no" to "aye."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

EXCHANGE OF COINS AND CURRENCIES AND IMMEDIATE PAYMENT OF GOLD-CLAUSE SECURITIES BY THE UNITED STATES

Mr. STEAGALL. Mr. Speaker, I call up the conference report on House Joint Resolution 348, authorizing exchange of coins and currencies and immediate payment of gold-clause securities by the United States; withdrawing the right to sue the United States on its bonds and other similar obligations; limiting the use of certain appropriations, and for other purposes, and I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

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 joint resolution (H. J. Res. 348) authorizing exchange of coins and currencies and immediate payment of gold-clause securities by the United States; withdrawing the right to sue the United States on its bonds and other similar obligations; limiting the use of certain appropriations, 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 disagreement to the amendments of the Senate numbered 1, 2, 4, 5, and 6, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In the matter proposed to be inserted by said amendment, strike out ", or which may be commenced within six months after the effective date of this joint resolution" and insert "or which may be commenced by January 1, 1936, or to any proceeding referred to in this section in which no claim is made for payment or credit in an amount in excess of the face or nominal value in dollars of the securities, coins or currencies of the United States involved in such proceeding"; and the Senate agree to the same.

That the House recede from its disagreement to the amendments of the Senate to the preamble and the title of the resolution, and agree to the same.

HENRY B. STEAGALL,
M. K. REILLY,
JOHN B. HOLLISTER,
JESSE P. WOLCOTT.
Managers on the part of the House.

DUNCAN U. FLETCHER,
WM. G. MCADOO,
PETER NORBECK,
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. 348) authorizing exchange of coins and currencies and immediate payment of gold-clause securities by the United States, withdrawing the right to sue the United States on its bonds and other similar obligations, limiting the use of certain appropriations, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments nos. 1 and 2: The House resolution authorized lawful holders of coins and currencies of the United States to exchange them dollar for dollar for other coins or currencies which may be lawfully acquired and are legal tender for public and private debts, and provided that the owners of gold-clause securities of the United States should be entitled to receive immediate payment of the stated dollar amount thereof, with interest to the date of payment or to prior maturity or prior redemption date, whichever is earlier. The period within which the Secretary of the Treasury was authorized to make such payment with respect to gold-clause securities was limited to September 1, 1935, or such later date not after January 1, 1936, as might be fixed by the Secretary. Senate amendments nos. 1 and 2 extend these dates to January 1, 1936, and July 1, 1936, respectively; and the House recedes.

On amendment no. 3: The House resolution provided in section 2 for withdrawing the consent of the Government to be sued upon any bond, note, certificate of indebtedness, Treasury bill, or other similar obligation for the repayment of money or for the interest thereon, or upon any coin or currency of the United States, or any claim or demand arising out of the surrender, requisition, seizure, or acquisition of any such coin or currency, or any gold or silver. This Senate amendment limits the withdrawal of consent to gold-clause securities of the United States and interest thereon, to coins or currencies of the United States, and to claims and demands arising out of the surrender, requisition, seizure, or acquisition of any such coin or currency or of any gold or silver involving the effect of the validity of any change in the metallic content of the dollar or other regulation for the value of money. A proviso is added to the effect that the provision should not apply to any suit heretofore commenced or which may be commenced within 6 months after the effective date of the resolution. The conference agreement provides for the withdrawal of consent in the cases enumerated in the Senate amendment except that the proviso is modified so that such withdrawal will not apply to suits heretofore commenced or which may be commenced by January 1, 1936, or to any proceeding referred to in the section in which no claim is made for payment or credit in an amount in excess of the face or nominal value in dollars of the securities, coins, or currencies of the United States involved in such proceeding.

On amendment no. 4: The House resolution provided that no appropriation heretofore or hereafter made should be available for payment upon securities, coins, or currencies of the United States, except on an equal and uniform dollar for dollar basis. This amendment modifies the provision of the House resolution so as to make such appropriations available in cases where consent to be sued is not withdrawn. The House recedes.

On amendment no. 5: This amendment eliminates from the definition of "gold clause" ccntained in the House resolution the reference to any obligation being payable "in money of the United States". The House recedes.

On amendment no. 6: This amendment extends the definition of "securities of the United States" contained in the House resolution so as to include "other obligations for the repayment of money, or for interest thereon, made, issued or guaranteed by the United States". The House recedes.

The House recedes from its disagreement to the amendments of the Senate to the preamble and the title of the resolution.

HENRY B. STEAGALL,
M. K. REILLY,
JOHN B. HOLLISTER,
JESSE P. WOLCOTT,
Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, the House bill provided for a bar to all suits on Government obligations, coins, and currency, whether payable in gold or otherwise. The substantial difference between the House bill and the Senate bill was that the Senate bill would permit suits in future on Government obligations, but after the expiration of a period of 6 months, no suit would be permitted by the holder of obligations payable in gold. The bill agreed upon in conference fixed January 1, 1936, as the limit of the time within which suits upon gold obligations may be instituted.

The House agrees to a provision which would permit suits in future upon obligations payable in gold, where no enrichment is sought because of the devaluation of gold. So that the bill before the House bars all suits on gold contracts after the 1st of January 1936 if recovery is sought for more than the value of such obligations in dollars and cents, but would permit suits on any obligations for full value in lawful money. Only two suits have been begun. No one seems to believe that the suits that have been instituted can be sustained within the ruling of the Supreme Court requiring evidence showing damages. This, Mr. Speaker, I think is the substance of the matter before the House now.

Mr. BLAND. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLAND. Is the time within which exchanges may be made extended from September?

Mr. STEAGALL. Exchanges may be made at any time.

Mr. BLAND. Up until January?

Mr. STEAGALL. They may be made at any time.

Mr. BLAND. Under the House bill it was limited to September, as I recall it.

Mr. STEAGALL. The provision now before us would permit anybody to exchange any gold bonds for regular obligations of the Government, or for lawful money.

Mr. BLAND. Or for payment?

Mr. STEAGALL. Or for payment in lawful money.

Mr. BLAND. Whether they are past due or not?

Mr. STEAGALL. Yes. Of course nobody ever dreamed that the Government would ever deny payment to any holder of any obligation, provided payment is accepted in the lawful money of the country.

Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, when this bill was presented to the House for consideration we took the position that the legislation was wholly unnecessary and unwarranted, and that there was potential danger to the credit of the United States in it.

The bill as it passed the House barred all suits of whatever nature or kind on all obligations, whether they were currency obligations or gold securities of the Federal Government. We felt that anyone should have the right to start suit against the Treasurer or against the Government to interpret the provisions of his bond. It was brought out at that time that industrial and commercial bonds carried the terms and conditions of the bond fully upon the face. Government obligations are referred to sometimes as reference bonds, because the terms and conditions are found in the organic act authorizing the issue, and the bond merely asserts on its face that it has been issued in accordance with the provisions of certain legislation which has passed the Congress; and under the provisions of the House bill we denied to the bondholder the right to come into court and have his bond interpreted in the light of the acts of Congress authorizing the issue. We felt that the House had gone ever so much further than the request of the President in asking for legislation which would prevent unjustified enrichment because of devaluation of gold. He said in his message which was sent to us on June 27:

> Before the termination of this session of 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 for gold or else in legal tender with an additional sum of 69 cents on every dollar.

The House bill went ever so much further and denied each bondholder the right to bring suit on any security for any purpose.

The Senate was amazed that the House consciously wrote into the law any such provision; so they would not yield to the conferees on the part of the House that the bill be enacted as written in the House.

At the present time the bill provides that all suits of whatever nature or description, excepting suits which would tend to enrich the holders of gold-clause securities for the difference between the value in terms of dollars previous to devaluation and the value in terms of dollars since then, may be brought; and even suits may be brought for the purpose of proving damages because of devaluation of the gold securities up to January 1, 1936.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. BROWN of Michigan. That would apply only to bonds that come due between now and January 1, 1936.

Mr. WOLCOTT. No; it might apply to any gold bond because authorization is given in the bill to exchange any gold-clause bond for any other bond. Personally, I do not think it would jeopardize the right of the holders to sue if they were forced into the situation preparatory to suit where they had to exchange the bonds.

Mr. BROWN of Michigan. But by the terms of this act in exchanging he would get bonds payable in dollars as they are now, not in gold dollars as they were at the time he purchased the gold clause bonds.

Mr. WOLCOTT. Yes.

Mr. BROWN of Michigan. I cannot, therefore, follow the gentleman. It seems to me I see a situation where you extend a right which already exists to holders of bonds that are due before January 1, 1936, but take away that right as to bonds that are due after January 1, 1936. It seems to me it is a totally illogical provision.

Mr. WOLCOTT. I may say that the whole bill is illogical and unnecessary; but the President wants an act on this subject and this side of the House has never been so stubbornly opposed to any legislation which the President has asked for that we would not go along with any reasonable compromise.

I may say so far as this side of the committee is concerned, we brought that out in the debate on the floor the time the bill was under consideration here; and this compromise with that exception puts the bill right back where we originally wanted it and where I think the gentleman from Michigan wanted it.

Mr. BROWN of Michigan. Since there will not be a chance for a record vote, I would like to have the gentleman bear me out when I say that I voted against the gold-clause resolution 2 or 3 years ago and I did not favor this resolution in the committee. I favored the elimination of the gold clause in private contracts, but as to Government bonds the holders should not be deprived of their rights as they now exist, and I have always so contended.

Mr. WOLCOTT. I believe the gentleman did and did so consistently and with a great deal of logic.

Mr. Speaker, the Senate bill as it was passed denied to the holders of gold-clause securities the right to bring interpretative suits after the expiration of 6 months following the enactment of the bill. We agreed to reduce the time within which suits might be brought to January 1, 1936, provided they followed the advice of the President with respect to putting all of these currency bonds and gold bonds on an equal basis. He told us in his message that one of the purposes of this legislation was to continue and treat the bondholders of all of our securities equally and uniformly. For this reason we insisted upon a provision which allowed the holders of gold-clause securities to bring suits of the same nature after January 1, 1936, as holders of currency securities. Those were the material changes in the bill.

Mr. Speaker, I think we have a bill which is very much better than the bill that left the House and much better than the bill which passed the Senate. We have had innumerable compromises and conferences on this bill. I think we probably have about the best bill that could be obtained under the circumstances and a bill which is in keeping with the President's message, but does not go beyond that.

Mr. STEAGALL. Mr. Speaker, as indicated by the gentleman from Michigan, this report represents a compromise. Speaking for myself and other majority members of the Banking and Currency Committee, we are not in accord with the views expressed by the gentleman from Michigan. We do not believe suit should be allowed upon any direct financial obligation of the Government. In this connection I wish to call attention to the fact that our original Government obligations were plain debts evidenced by bonds, such as are now being issued by the Government. Later those bonds were made payable in coin. The bondholding class who now complain about this legislation demanded of the Treasury of the United States that those obligations be paid in gold. Of course, the holders of those bonds had no more right to demand payment in gold than they did to demand silver.

The Treasury listened to the appeals of the bondholders and proceeded to discharge those obligations in gold. This is history that would make too long now to review at this time, but it was an unhappy history for the administration which permitted that practice. That administration was repudiated by the people of the Nation. No obligation of the Government should ever have been allowed which permitted one class of citizens to demand a discharge of their obligations in a kind of currency different from that which every other citizen of the land was required to accept in

discharge of Government debts. Some of us regret that this bill should pass in a form which will permit any citizen to sue the Government upon any direct financial obligation. There is no necessity for a suit to settle such an obligation. It involves a surrender of sovereignty. But your conferees did the best that could be done—we have a bill that will prevent harassment of the Government by holders of gold bonds after the 1st of January 1936, if recovery is sought penalizing the Government because of its action in changing the content of the gold dollar.

Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE TO INVESTIGATE CAMPAIGN EXPENDITURES

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts and ask for its consideration.

The Clerk read the resolution, as follows:

House Resolution 363

Resolved, That there shall be paid, out of the contingent fund of the House, not to exceed $25,000 for the expenses of the select committee appointed under authority of House Resolution 374, to investigate the campaign expenditures of the various candidates for the House of Representatives in both parties.

With the following committee amendment:

In line 4, strike out the figures 374 and insert in lieu thereof the figures 347.

Mr. MARTIN of Massachusetts. Will the gentleman explain whether this is the same amount that is usually carried in this legislation?

Mr. WARREN. This is the same amount that has always been carried, I may say to the gentleman from Massachusetts. This is one investigating committee that has rarely ever used all of its appropriation in years past.

Mr. RICH. Does this cover the campaign that is to come up in 1936?

Mr. WARREN. It covers the entire 1936 campaign.

Mr. RICH. How far will the committee go into an examination of things that may happen in particular districts? I am interested to know whether they are going to be interested in this $4,880,000,000, and the influence that might have on people all over the country to elect certain candidates for office next year?

Mr. WARREN. I am quite sure that the Speaker today will announce the personnel of that committee. I would refer the gentleman to them after they are appointed.

Mr. RICH. I will say that if the Speaker is going to appoint the committee, no doubt he will appoint a good one.

Mr. WARREN. I am sure he will.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

LOAD LINES OF AMERICAN VESSELS IN COASTWISE TRADE

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 357.

The Clerk read the resolution, as follows:

House Resolution 357

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6036, a bill to provide for the establishment of load lines for American vessels in the coastwise trade, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. Speaker, this is a rule for the consideration of the so-called "load-line bill", which pertains to safety at sea. There is a similar Senate bill, I understand, and I offer an amendment, on page 1, line 4, striking out "H. R. 6036" and inserting in lieu thereof "S. 2002."

The Clerk read the amendment, as follows:

Amendment by Mr. O'CONNOR: On page 1, line 4, strike out "H. R. 6036" and insert in lieu thereof "S. 2002."

The SPEAKER. The gentleman from New York moves the previous question on the adoption of the rule and amendment.

The previous question was ordered.

The amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the bill may be consider in the House as in Committee of the Whole.

Mr. McFARLANE. Mr. Speaker, reserving the right to object, before we consider this bill in Committee of the Whole I think some explanation ought to be made of it.

Mr. O'CONNOR. It will be read for amendment.

Mr. McFARLANE. We may want to raise a few objections in the House that we could not raise so well in Committee of the Whole.

Mr. O'CONNOR. I have asked that it be considered in the House as in the Committee of the Whole.

Mr. McFARLANE. I have no objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the bill (S. 2002), as follows:

Be it enacted, etc., That load lines are hereby established for merchant vessels of 150 gross tons or over, loading at or proceeding to sea from any port or place within the United States or its possessions for a coastwise voyage by sea. By "coastwise voyage by sea" is meant a voyage on which a vessel in the usual course of her employment proceeds from one port or place in the United States or her possessions and passes outside the line dividing inland waters from the high seas, as defined in section 2 of the act of February 19, 1895.

SEC. 2. The Secretary of Commerce is hereby authorized and directed in respect of the vessels defined above to establish by regulations from time to time the load water lines and marks thereof indicating the maximum depth to which such vessels may safely be loaded, and in establishing such load lines due consideration shall be given to, and differentials made for, the various types and character of vessels and the trades in which they are engaged: *Provided,* That the load-line provisions of this act shall apply to the Great Lakes and that no load line shall be established or marked on any vessel which load line gives a lesser freeboard and less buoyancy than the load line established by the International Treaty on Load Lines of September 30, 1930, and that the regulations established under this proviso shall have the force of law.

SEC. 3. It shall be the duty of the owner and of the master of every vessel subject to this act and to the regulations established thereunder to cause the load line or lines so established to be permanently and conspicuously marked upon the vessel in such manner as the Secretary of Commerce shall direct, and to keep the same so marked. The Secretary of Commerce shall appoint the American Bureau of Shipping, or such other American corporation or association for the survey or registry of shipping as may be selected by him, to determine whether the position and manner of marking on such vessels the load line or lines so established are in accordance with the provisions of this act and of the regulations established thereunder: *Provided, however,* That, at the request of the shipowner, the Secretary of Commerce may appoint, for the purpose aforesaid, any other corporation or association for the survey or registry of shipping which the Secretary of Commerce may approve; or the Secretary of Commerce may appoint for said purpose any officer of the Government, who shall perform such services as may be directed by the Secretary of Commerce. The Secretary of Commerce may, in his discretion, revoke any appointment made pursuant to this section. Such corporation, association, or officer shall, upon approving the position and manner of marking of such load line or lines, issue a certificate, in a form to be prescribed by the Secretary of Commerce, that the same are in accordance with the provisions of this act and of the regulations established thereunder, and shall deliver a copy thereof to the master of the vessel. It shall be unlawful for any vessel subject to this act and to said regulations to depart from any port or place designated in section 1 without bearing such mark or marks, approved and certified by such corporation, association, or officer, and without having on board a copy of said certificate.

SEC. 4. It shall be unlawful for any vessel subject to this act and to the regulations established thereunder to be so loaded as to submerge the load line or lines marked pursuant to this act and to regulations established thereunder applicable to her voyage; or to be so loaded as to submerge under like conditions the point where such load line or lines ought to be marked pursuant to the provisions of this act and the regulations established thereunder; or to be so loaded as in any manner to violate the said regulations.

SEC. 5. Whenever the Secretary of Commerce shall certify that the laws and regulations in force in any foreign country relating to load lines are equally effective with the regulations established under this act, the Secretary of Commerce may direct, on proof that a vessel of that country has complied with such foreign laws and regulations, that such vessel and her master and owner shall be exempted from compliance with the provisions of this act, except as hereinafter provided: *Provided*, That this section shall not apply to the vessels of any foreign country which does not similiarly recognize the load lines established under this act and the regulations made thereunder.

SEC. 6. It shall be the duty of the master of every vessel subject to this act and to the regulations established thereunder and of every foreign vessel exempted pursuant to section 5, before departing from her loading port or place to provide a ship's record or log book and enter therein a statement of the position of the load line marked applicable to the voyage in question and the actual drafts forward and aft at the time of departing as nearly as the said drafts can be ascertained.

SEC. 7. If any collector of customs has reason to believe on complaint or otherwise that a vessel subject to the provisions of this act is about to proceed on a voyage from a port in the United States or its possessions within his district without conforming to the provisions of section 3 hereof, or when loaded in violation of section 4 hereof, or that any vessel exempted pursuant to section 5 hereof is about to proceed on a voyage from such port when loaded in violation of the laws and regulations of her country with respect to load line, he may serve on the master or officer in charge of such vessel a written order detaining the vessel for the purpose of being surveyed to determine whether or not the provisions of this act are complied with. Where the detention is on the ground that the vessel does not conform to the provisions of section 3 hereof, the collector shall cause an examination of the vessel to be made, and if from such examination it appears that the vessel is not marked with the load line established in conformity with the provisions of this act, the collector shall so notify the master or officer in charge of such vessel and shall detain her until a load line shall have been duly established in accordance with section 3 hereof, provided that in cases of exceptional hardship, subject to regulations issued by the Secretary of Commerce, the collector may cause a proper load line to be provisionally established by one of the agencies or persons designated under section 3 hereof, which provisional load line shall constitute a compliance with the provisions of this act only until completion of the particular voyage in which the vessel is at the time engaged. After such establishment or provisional establishment of a load line the collector shall appoint three disinterested surveyors to examine the loading of the vessel and to report to him whether such vessel is so loaded as to submerge said provisional load line and if from such report it appears that the vessel is so loaded, the collector may by written order served on the master or officer in charge of said vessel detain the vessel until she has been reloaded in whole or in part so as not to submerge said provisional load line or lines. Where the detention is on the ground of a supposed violation of section 4 or section 5 hereof, the collector shall appoint three disinterested surveyors to examine the vessel and her loading and to report to him, and if from such report it appears that the vessel is loaded in violation of the provisions of sections 4 or 5 hereof, the collector shall so notify in writing the master or other officer in charge of such vessel and detain the vessel until she has been reloaded in whole or in part so as to conform to the provisions of sections 4 or 5 hereof. If a vessel is ordered detained by a collector acting under the provisions of this section, the master may within 5 days appeal to the Secretary of Commerce, who, if he so desires, may order a further survey and may affirm, set aside, or modify the order of the collector. Clearance shall be refused to any vessel which shall have been ordered detained.

SEC. 8. (a) If the owner or master of any vessel subject to this act and to the regulations established thereunder shall permit her to depart from any port or place designated in section 1 without having complied with the provisions of section 3, he shall for each offense be liable to the United States in a penalty of $500. If the owner or master of any vessel exempted pursuant to section 5 shall permit her to depart from any port or place designated in section 1 without having the load line or lines required by the laws and regulations of the country to which she belongs marked upon her as required by said law and regulations, he shall for each offense be liable to the United States in a penalty of $500. The Secretary of Commerce may, in his discretion, remit or mitigate any penalty imposed under this paragraph, or discontinue prosecution therefor on such terms as he may deem proper.

(b) If the master of any vessel subject to this act, or of any foreign vessel exempted pursuant to section 5, shall fail, before departing from any port or place designated in section 1, to enter in and make a part of the ship's record or log book the statement required by section 6, he shall for each offense be liable to the United States in a penalty of $100. The Secretary of Commerce may, in his discretion, remit or mitigate any penalty imposed under this paragraph.

(c) If any person shall knowingly permit or cause or attempt to cause any vessel subject to this act to depart or arrive, or if, being the owner, manager, agent, or master of such vessel, he shall fail to take reasonable care to prevent her from departing from or arriving at any port or place designated in section 1 when loaded in violation of section 4, or if any person shall knowingly permit or cause or attempt to cause a foreign vessel exempted pursuant to section 5 to depart or arrive, or if, being the owner, manager, agent, or master of such vessel he shall fail to take reasonable care to prevent her from departing from or arriving at any port or place designated in section 1 when loaded more deeply than permitted by the laws and regulations of the country to which she belongs, he shall, in respect of each offense, be liable to the United States, in a penalty of $500 unless the vessel's departure or arrival was, under the circumstances, reasonable and justifiable. The Secretary of Commerce may, in his discretion, remit or mitigate any penalty imposed under this paragraph.

(d) If the master of any vessel or any other person shall knowingly permit or cause or attempt to cause any vessel to depart from any port or place in the United States or its possessions in violation of any order of detention made pursuant to section 7, he shall, in respect of each offense, be guilty of a misdemeanor and shall be punished by a fine not to exceed $500 or by imprisonment not to exceed 3 months, or both such fine and imprisonment, in the discretion of the court.

(e) If any person shall conceal, remove, alter, deface, or obliterate or shall suffer any person under his control to conceal, remove, alter, deface, or obliterate any mark or marks placed on a vessel pursuant to this act or to the regulations established thereunder, except in the event of lawful change of said marks, or to prevent capture by an enemy, he shall in respect of each offense be guilty of a misdemeanor and shall be punished by a fine not to exceed $1,000, or by imprisonment not to exceed 1 year, or both such fine and imprisonment, in the discretion of the court.

(f) Whenever the owner, manager, agent, or master of a vessel shall become subject to a fine or penalty by way of money payment pursuant to the provisions of this act, the vessel shall also be liable therefor and may be seized and proceeded against in the district court of the United States in any district in which such vessel may be found.

SEC. 9. The provisions of this act shall become effective as to vessels of 4,000 gross tons and upward, not later than 3 months, and as to all other vessels subject hereto, not later than 12 months from and after the date of approval thereof. This act may be cited as the "Coastwise Load Line Act, 1935."

Mr. BLAND. Mr. Speaker, I move to strike out the last word.

I do this for the purpose of explaining the bill, as requested. The bill establishes the right to mark load lines on vessels in the coastwise trade. We passed several years ago a bill making it lawful to mark the load lines on vessels in foreign trade. These load lines are lines of safety, above which the vessel shall not be loaded. If she is loaded above this line of safety she shall not be permitted to go to sea. We make this now applicable to the coastwise trade, because vessels in the coastwise trade often go in waters just as dangerous as in the foreign trade.

The House bill excepted the Great Lakes. The Senate bill changed the House bill to make it applicable to the Great Lakes, and referred to the International Load Line Treaty of 1930. This was objectionable to the Great Lakes, and my committee has authorized an amendment which is acceptable to the Great Lakes. I may say also that the amendment has been seen by Mr. Andrew Furuseth and has been submitted to Senator LA FOLLETTE, who proposed the amendment in the Senate. It is agreeable to them. So there is no question about the amendment.

Mr. BEITER. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. BEITER. Does the Great Lakes Carriers' Association agree to it?

Mr. BLAND. I do not know that the Great Lakes Carriers' Association, as a carriers' association, has agreed to it.

Mr. CULKIN. If the gentleman will permit, I shall speak on that briefly in just a moment.

Mr. BLAND. But it is certainly acceptable to all the men here in the House. I have an understanding with them that if the Senate does not concur in this amendment, which Mr. Furuseth says they will concur in, or if it is not in this language, I shall stay there as long as necessary to get a concurrence or to bring it back and give the Members an opportunity of voting upon it.

Mr. FIESINGER. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. FIESINGER. Is there a size limit on these boats?

Mr. BLAND. One hundred and fifty gross tons or over.

[Here the gavel fell.]

Mr. BLAND. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 2, line 17, strike out the period, insert a semicolon, and add the following: "*Provided further*, That in applying the load lines to vessels on the Great Lakes the Secretary of Commerce is vested with discretion to vary the load-line marks from those established by said treaty when in his opinion the changes made by him will not be above the actual line of safety."

On page 2, line 15, strike out "September 30."

Mr. BLAND. I may say that the reference to the page and line refers to the bill as it came from the Senate.

Mr. CULKIN. Mr. Speaker, I rise in support of the amendment.

Mr. Speaker, this load-line legislation has been thoroughly considered by the Merchant Marine Committee of the House. Originally this application of the load-line law, as stated by the chairman, related to the high seas or to the ocean. The bill is now extended to the Great Lakes, and the amendment just offered makes the application of the law subject to some discretion by the Secretary of Commerce. This discretion is necessary, as the Members probably know, especially those from the Great Lakes, on account of the varying depths of the channels and by reason of these depths limiting the load capacity; in other words, in the Great Lakes area the channels themselves provide a reasonable factor of safety.

This amendment will perfect the bill and put it in the happy situation where all concerned, the sailors on the Lakes, their representatives, the shipowners of the high seas, as well as the Great Lakes Carriers' Association, which is a voluntary organization of shipowners on the Great Lakes, will be in favor of the amendment. I therefore urge your support of the measure as amended. It will protect the traveling public, the sailors who go on the Lakes and high seas, and insure rational application of the law. [Applause.]

Mr. MAPES. Mr. Speaker, I move to strike out the last word. Members of the House from the Great Lakes territory have been very much interested in this legislation and a little concerned about the provision in the bill as it passed the Senate which made the same law applicable to ships on the Great Lakes as is applicable to those on the ocean.

The gentleman from New York [Mr. CULKIN], and the gentleman from Michigan [Mr. HOFFMAN], who are members of the committee reporting the legislation, working with the chairman of the committee, have been very diligent in looking after the interests of the Great Lakes and in working out this amendment offered by the chairman of the committee. My understanding is that the amendment is satisfactory to the Great Lakes shipping interests and satisfactory to the proponents of the legislation in the Senate.

With the statement of the chairman of the committee in regard to the amendment and the probable adoption of it by the Senate, I know of no opposition to the legislation.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

ADJOURNMENT SINE DIE

Mr. TAYLOR of Colorado. Mr. Speaker, I offer the following privileged resolution.

The Clerk read as follows:

House Concurrent Resolution 38

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress shall adjourn on Saturday the 24th day of August 1935, and that when they adjourn on said day they stand adjourned sine die.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

A motion by Mr. TAYLOR of Colorado to reconsider the vote was laid on the table.

RECESS

Mr. O'CONNOR. Mr. Speaker, I move that the House stand in recess for 15 minutes.

The motion was agreed to; accordingly (at 1 o'clock p. m.) the House stood in recess for 15 minutes.

AFTER THE RECESS

The recess having expired, at 1 o'clock and 15 minutes p. m. the House was called to order by the Speaker.

ANNIVERSARY OF BATTLE OF ACKIA, MISSISSIPPI

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3003) to provide for the commemoration of the two hundredth anniversary of the Battle of Ackia, Mississippi, and the establishment of the Ackia Battleground National Monument, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk reported the title of the bill.

The SPEAKER. The Clerk will report the Senate amendments.

The Clerk read as follows:

Page 1, line 8, strike out all after "established" down to and including "and" in line 3, page 2.

Page 2, line 5, after Ackia.", insert "That said commissioners shall receive no compensation for their services."

Page 2, strike out lines 6 to 9, inclusive.

Page 2, line 10, strike out "3" and insert "2."

Page 2, line 13, strike out all after "buildings" down to and including "Commission" in line 15, and insert "not to exceed 50 acres."

Page 2, line 21, strike out "or areas."

Page 2, line 21, strike out "at least."

Page 2, line 22, strike out "and the Indian village."

Page 2, line 23, strike out "4" and insert "3."

Page 2, line 25, strike out all after "$15,000" down to and including "and" in line 2, page 3.

Page 3, line 4, strike out "5" and insert "4."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were concurred in.

AUTHORITY TO SPEAKER AND PRESIDENT OF SENATE TO SIGN ENROLLED BILLS

Mr. TAYLOR of Colorado. Mr. Speaker, I offer the following privileged concurrent resolution, which I send to the desk and ask to have read.

The Clerk read as follows:

House Concurrent Resolution 39

Resolved by the House of Representatives (the Senate concurring), That notwithstanding the adjournment of the first session of the Seventy-fourth Congress, the President of the Senate and the Speaker of the House of Representatives be, and they are hereby, authorized to sign any enrolled bills or joint resolution duly passed by the two Houses and which have been examined by the Committee on Enrolled Bills of each House and found truly enrolled.

Mr. SNELL. Mr. Speaker, if I remember correctly this is exactly the same resolution that we passed last session, and several times before.

The SPEAKER. The Chair is so informed.

The question is on agreeing to the resolution.

The resolution was agreed to.

INTERSTATE OIL COMPACT

Mr. COLE of Maryland. Mr. Speaker, I move to suspend the rules and pass House Joint Resolution 407, consenting to an interstate oil compact to conserve oil and gas, and ask unanimous consent to dispense with the reading of the joint resolution and that it be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

Mr. MAPES. Mr. Speaker, I reserve the right to object. Is the resolution in the exact terms of the first section of the bill known as the Cole bill, H. R. 9053?

Mr. COLE of Maryland. It is in identical language with the first section of that bill.

Mr. MAPES. And contains nothing else except the provision relating to the State compact?

Mr. COLE of Maryland. That is all.

Mr. MAPES. Mr. Speaker, I intend to demand a second.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

Mr. McFARLANE. I reserve the right to object. What is the measure?

Mr. COLE of Maryland. It is a ratification of the State oil compact, to which the gentleman's State is a party.

Mr. DOBBINS. Mr. Speaker, I reserve the right to object to inquire of the gentleman from Maryland if this is the measure to which so many of the independent marketers object, because of the fact that they claim it enlarges the monopoly which the big oil companies have on the distribution of their product.

Mr. COLE of Maryland. I have no knowledge of any objection. I think what the gentleman has reference to are two bills, one in the House and one in the Senate. It is quite apparent that neither can be passed at this session. What this resolution does is to ratify the compact signed by eight of the producing States of the country, which has been transmitted by the President, with a message requesting its ratification, just as we have done in the case of many other compacts. It leaves to the States the problem which, in the compact, they feel they can solve. There is no supplementary legislation of any kind.

Mr. DOBBINS. It is the gentleman's opinion that this is not the controversial bill to which the independent marketers object?

Mr. COLE of Maryland. I am sure of that.

Mr. FADDIS. Mr. Speaker, will the gentleman yield?

Mr. COLE of Maryland. Yes.

Mr. FADDIS. The gentleman made the statement that seven States had subscribed to this. What States are they?

Mr. COLE of Maryland. The States of California, Texas, Oklahoma, New Mexico, Kansas, Colorado, Illinois, and Arkansas.

Mr. FADDIS. Does it affect any other States?

Mr. COLE of Maryland. No.

Mr. LANHAM. This measure does not set up a Federal bureau, does it?

Mr. COLE of Maryland. Not at all.

The SPEAKER. Is there objection to the request of the gentleman from Maryland to dispense with the reading of the bill and that it be printed in the RECORD at this point?

Mr. SIROVICH. Mr. Speaker, I reserve the right to object. I would like to know the nature of the compact and what its purpose is.

The SPEAKER. The Chair calls for the regular order. If gentlemen object, the bill will be read.

There was no objection.

The joint resolution is as follows:

House Joint Resolution 407

Resolved, etc., That the consent of Congress is hereby given to an interstate compact to conserve oil and gas, executed in the city of Dallas, Tex., the 16th day of February 1935 by the representatives of the States of Oklahoma, Texas, California, and New Mexico, and there recommended for ratification by representatives of the States of Arkansas, Colorado, Illinois, Kansas, and Michigan, and since ratified by the States of New Mexico, Kansas, Oklahoma, Illinois, Colorado, and Texas, which compact has been deposited in the Department of State of the United States, and reads as follows:

"ARTICLE I

"This agreement may become effective within any compacting State at any time as prescribed by that State, and shall become effective within those States ratifying it whenever any three of the States of Texas, Oklahoma, California, Kansas, and New Mexico have ratified and Congress has given its consent. Any oil-producing State may become a party hereto as hereinafter provided.

"ARTICLE II

"The purpose of this compact is to conserve oil and gas by the prevention of physical waste thereof from any cause.

"ARTICLE III

"Each State bound hereby agrees that within a reasonable time it will enact laws, or if laws have been enacted, then it agrees to continue the same in force, to accomplish within reasonable limits the prevention of:

"(a) The operation of any oil well with an inefficient gas-oil ratio.

"(b) The drowning with water of any stratum capable of producing oil or gas, or both oil and gas in paying quantities.

"(c) The avoidable escape into the open air or the wasteful burning of gas from a natural-gas well.

"(d) The creation of unnecessary fire hazards.

"(e) The drilling, equipping, locating, spacing, or operating of a well or wells so as to bring about physical waste of oil or gas or loss in the ultimate recovery thereof.

"(f) The inefficient, excessive, or improper use of the reservoir energy in producing any well.

"The enumeration of the foregoing subjects shall not limit the scope of the authority of any State.

"ARTICLE IV

"Each State bound hereby agrees that it will, within a reasonable time, enact statutes, or if such statutes have been enacted then that it will continue the same in force, providing in effect that oil produced in violation of its valid oil and/or gas conservation statutes or any valid rule, order, or regulation promulgated thereunder, shall be denied access to commerce; and providing for stringent penalties for the waste of either oil or gas.

"ARTICLE V

"It is not the purpose of this compact to authorize the States joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or create or perpetuate monopoly, or to promote regimentation, but is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations.

"ARTICLE VI

"Each State joining herein shall appoint one representative to a commission hereby constituted and designated as 'The Interstate Oil Compact Commission', the duty of which said commission shall be to make inquiry and ascertain from time to time such methods, practices, circumstances, and conditions as may be disclosed for bringing about conservation and the prevention of phyical waste of oil and gas, and at such intervals as said commission deems beneficial it shall report its findings and recommendations to the several States for adoption or rejection.

"The commission shall have power to recommend the coordination of the exercise of the police powers of the several States within their several jurisdictions to promote the maximum ultimate recovery from the petroleum reserves of said States, and to recommend measures for the maximum ultimate recovery of oil and gas. Said commission shall organize and adopt suitable rules and regulations for the conduct of its business.

"No action shall be taken by the commission except: (1) by the affirmative votes of the majority of the whole number of the compacting States, represented at any meeting, and (2) by a concurring vote of a majority in interest of the compacting States at said meeting, such interest to be determined as follows: Such vote of each State shall be in the decimal proportion fixed by the ratio of its daily average production during the preceding calendar half-year to the daily average production of the compacting States during said period.

"ARTICLE VII

"No State by joining herein shall become financially obligated to any other State, nor shall the breach of the terms hereof by any State subject such State to financial responsibility to the other States joining herein.

"ARTICLE VIII

"This compact shall expire September 1, 1937. But any State joining herein may, upon 60 days' notice, withdraw herefrom.

"The representatives of the signatory States have signed this agreement in a single original which shall be deposited in the archives of the Department of State of the United States, and a duly certified copy shall be forwarded to the Governor of each of the signatory States.

"This compact shall become effective when ratified and approved as provided in article I. Any oil-producing State may become a party hereto by affixing its signature to a counterpart to be similarly deposited, certified, and ratified.

"Done in the city of Dallas, Tex., this 16th day of February 1935."

SEC. 2. The right to alter, amend, or repeal the provisions of section 1 is hereby expressly reserved.

The SPEAKER. The gentleman from Maryland moves to suspend the rules and pass House Joint Resolution 407. Is a second demanded?

Mr. MAPES. Mr. Speaker, I demand a second.

Mr. COLE of Maryland. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Maryland is entitled to 20 minutes and the gentleman from Michigan to 20 minutes.

Mr. MAPES. Will the gentleman from Maryland please explain this bill?

Mr. COLE of Maryland. In the last Congress a resolution directing an investigation of the petroleum industry was passed. The committee conducting that investigation con-

sisted of the distinguished gentleman from Michigan [Mr. MAPES], the distinguished gentleman from Indiana [Mr. PETTENGILL], the distinguished gentleman from New Jersey [Mr. WOLVERTON], the distinguished gentleman from Illinois [Mr. KELLY], and I was chairman of the committee, all appointed as a subcommittee by the distinguished Chairman of the Interstate and Foreign Commerce Committee [Mr. RAYBURN]. I cannot in this brief time pay ample tribute to each of them for the great service they rendered this House and the country in that work.

Following the report of the committee last February oil legislation, known as "S. 1190", was passed. Since that, H. R. 9053 was reported by the committee as expressing our views on oil legislation, which bill and report thereon for the information of the House are as follows:

Be it enacted, etc.—

CONSENT OF CONGRESS TO STATE OIL AND GAS COMPACT OF FEBRUARY 16, 1935

SECTION 1. The consent of Congress is hereby given to an interstate compact to conserve oil and gas, executed in the city of Dallas, Tex., the 16th day of February 1935, by the representatives of the States of Oklahoma, Texas, California, and New Mexico, and there recommended for ratification by representatives of the States of Arkansas, Colorado, Illinois, Kansas, and Michigan, and since ratified by the States of New Mexico, Kansas, Oklahoma, Illinois, Colorado, and Texas, which compact has been deposited in the Department of State of the United States, and reads as follows:

"ARTICLE I

"This agreement may become effective within any compacting State at any time as prescribed by that State, and shall become effective within those States ratifying it whenever any three of the States of Texas, Oklahoma, California, Kansas, and New Mexico have ratified and Congress has given its consent. Any oil-producing State may become a party hereto as hereinafter provided.

"ARTICLE II

"The purpose of this compact is to conserve oil and gas by the prevention of physical waste thereof from any cause.

"ARTICLE III

"Each State bound hereby agrees that within a reasonable time it will enact laws, or if laws have been enacted, then it agrees to continue the same in force, to accomplish within reasonable limits the prevention of—

"(a) The operation of any oil well with an inefficient gas-oil ratio.

"(b) The drowning with water of any stratum capable of producing oil or gas, or both oil and gas in paying quantities.

"(c) The avoidable escape into the open air or the wasteful burning of gas from a natural-gas well.

"(d) The creation of unnecessary fire hazards.

"(e) The drilling, equipping, locating, spacing, or operating of a well or wells so as to bring about physical waste of oil or gas or loss in the ultimate recovery thereof.

"(f) The inefficient, excessive, or improper use of the reservoir energy in producing any well.

"The enumeration of the foregoing subjects shall not limit the scope of the authority of any State.

"ARTICLE IV

"Each State bound hereby agrees that it will, within a reasonable time, enact statutes, or if such statutes have been enacted then that it will continue the same in force, providing in effect that oil produced in violation of its valid oil and/or gas conservation statutes or any valid rule, order or regulation promulgated thereunder, shall be denied access to commerce; and providing for stringent penalties for the waste of either oil or gas.

"ARTICLE V

"It is not the purpose of this compact to authorize the States joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or create or perpetuate monopoly, or to promote regimentation, but is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations.

"ARTICLE VI

"Each State joining herein shall appoint one representative to a Commission hereby constituted and designated as 'The Interstate Oil Compact Commission', the duty of which said Commission shall be to make inquiry and ascertain from time to time such methods, practices, circumstances, and conditions as may be disclosed for bringing about conservation and the prevention of physical waste of oil and gas, and at such intervals as said Commission deems beneficial it shall report its findings and recommendations to the several States for adoption or rejection.

"The Commission shall have power to recommend the coordination of the exercise of the police powers of the several States within their several jurisdictions to promote the maximum ultimate recovery from the petroleum reserves of said States, and to recommend measures for the maximum ultimate recovery of oil and gas. Said Commission shall organize and adopt suitable rules and regulations for the conduct of its business.

"No action shall be taken by the Commission except: (1) By the affirmative votes of the majority of the whole number of the compacting States, represented at any meeting, and (2) by a concurring vote of a majority in interest of the compacting States at said meeting, such interest to be determined as follows: Such vote of each State shall be in the decimal proportion fixed by the ratio of its daily average production during the preceding calendar half-year to the daily average production of the compacting States during said period.

"ARTICLE VII

"No State by joining herein shall become financially obligated to any other State, nor shall the breach of the terms hereof by any State subject such State to financial responsibility to the other States joining herein.

"ARTICLE VIII

"This compact shall expire September 1, 1937. But any State joining herein may, upon 60 days' notice, withdraw herefrom.

"The representatives of the signatory States have signed this agreement in a single original which shall be deposited in the archives of the Department of State of the United States, and a duly certified copy shall be forwarded to the Governor of each of the signatory States.

"This compact shall become effective when ratified and approved as provided in article I. Any oil-producing State may become a party hereto by affixing its signature to a counterpart to be similarly deposited, certified, and ratified.

"Done in the city of Dallas, Tex., this 16th day of February, 1935."

(b) The right to alter, amend, or repeal the provisions of subsection (a) is hereby expressly reserved.

PETROLEUM ADMINISTRATIVE BOARD

SEC. 2. There is hereby established a Petroleum Administrative Board (referred to in this act as the "Board") to be composed of five members to be appointed by the President by and with the advice and consent of the Senate. No member of the Board shall engage in any other business, vocation, or employment than that of serving as such member, nor shall any member of the Board participate directly or indirectly in any operation or transaction of a character subject to regulation by the Board under any provision of law. Each member of the Board shall receive a salary at the rate of $10,000 a year and shall hold office for a term of 5 years, except that (1) any member of the Board appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of office of the members of the Board first taking office after the date of the enactment of this act shall expire, as designated by the President at the time of nomination, 1 at the end of 1 year, 1 at the end of 2 years, 1 at the end of 3 years, 1 at the end of 4 years, and 1 at the end of 5 years, after the date of the enactment of this act.

POWERS, DUTIES, AND FUNCTIONS OF THE BOARD

SEC. 3. (a) The Board is authorized and empowered, when in its judgment it is necessary for the purpose of administering the provisions of this act, to make investigations and collect data from the petroleum industry, and to this end it may require periodical and special reports from persons in the petroleum industry and conduct examinations and inspections for the purpose of verifying such reports and ascertaining the facts. The Board may cooperate with the executives, officials, and agencies of the several States and with any agency created under the interstate compact to which the consent of Congress is given by this act, in the study and investigation of matters relating to the petroleum industry, and may hold joint hearings upon such matters with any duly authorized State agency. The Board is authorized and directed to study and investigate, and in doing so to cooperate with, and when deemed advisable to hold joint hearings with, executives, officials, and agencies of the several States and with any agency created under the interstate compact to which the consent of Congress is given by this act, the status of petroleum reserves and sources of supply, the discovery and orderly development of sources of supply, improved methods of production, the possibility and expense of repressuring existing fields, and related matters pertaining to the petroleum industry. The several departments and independent establishments of the United States Government shall, at the request of the Board, provide it with all records and information which they may have available pertaining to the petroleum industry.

(b) The Board shall determine periodically (1) the reasonable market demand for petroleum to be produced in the United States, and (2) that part of such demand which constitutes the reasonable market demand of petroleum to be produced in each producing State, specifically determining the quantity required from current production to supply such demand for petroleum from each producing State. The demand for petroleum as so periodically determined by the Board shall be within such limit as is consistent with the prevention of physical waste, and determined after fair and impartial consideration of pertinent information submitted by any commission, officer, or other agency established or designated under State law for the purpose of conserving oil and gas and preventing the physical waste thereof in any State, the systematic analysis of appropriate statistical data, and consultation with such sources of information within the petroleum industry as it may be necessary, and consultation with any agency created under the interstate compact to which the consent of Congress is given by this act. The Board shall inform any duly constituted State authority charged under State law with the duty of regulat-

ing or restricting the production of petroleum, or the Governor of any oil-producing State having no such State authority, of its determinations, and shall also give public notice of such determinations.

(c) The President may, at any time, by Executive order, transfer to the Board the whole or any part of any office, bureau, or division in the executive branch of the Government engaged in statistical, economical, legal, scientific, or administrative work affecting or related to the production, refining, transportation, or marketing of petroleum or petroleum products, and in the case of any such transfer (1) all powers, duties, and functions imposed upon or vested in the department or agency from which such transfer is made or upon the secretary or chief executive officer thereof, in relation to the office, bureau, or division or part thereof so transferred, shall be imposed upon and vested in the Board, (2) all employees, property, and records of such office, bureau, or division, or part thereof, shall be transferred to the Board, and (3) unexpended balances of appropriations used by or available to such office, bureau, or division, or part thereof, shall be available for expenditure by the Board.

AMENDMENTS PLACING ADMINISTRATION OF ACT OF FEBRUARY 22, 1935, IN PETROLEUM ADMINISTRATIVE BOARD

SEC. 4. (a) Section 2 of the act of February 22, 1935, entitled "An act to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, and for other purposes", is amended by adding at the end thereof a new paragraph as follows:

"(5) The term 'Board' means the Petroleum Administrative Board created by the Petroleum Act of 1935."

(b) Section 5 of such act of February 22, 1935, is amended to read as follows:

"SEC. 5. (a) The Board shall prescribe such regulations as it finds necessary or appropriate for the enforcement of the provisions of this act, including but not limited to regulations requiring reports, maps, affidavits, and other documents relating to the production, storage, refining, processing, transporting, or handling of petroleum and petroleum products, and providing for the keeping of books and records, and for the inspection of such books and records and of properties and facilities.

"(b) Whenever the Board finds it necessary or appropriate for the enforcement of the provisions of this act it shall require certificates of clearance for petroleum and petroleum products moving or to be moved in interstate commerce from any particular area. A certificate of clearance shall be issued by the Board in any case where it determines that the petroleum or petroleum products in question do not constitute contraband oil. Denial of any such certificate shall be by order, and only after reasonable opportunity for hearing. Whenever a certificate of clearance is required for any area in any State, it shall be unlawful to ship or transport petroleum or petroleum products in interstate commerce from such area unless a certificate has been obtained therefor.

"(c) Any person whose application for a certificate of clearance is denied may obtain a review of the order denying such application in the United States District Court for the district wherein the Board is sitting by filing in such court within 30 days after the entry of such order a written petition praying that the order of the Board be modified or set aside, in whole or in part. A copy of such petition shall be forthwith served upon the Board, and thereupon the Board 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 jurisdiction to affirm, modify, or set aside such order, in whole or in part. No objection to the order of the Board shall be considered by the court unless such objection shall have been urged before the Board. The findings of the Board as to the facts, if supported by evidence, shall be conclusive. The judgment and decree of the court shall be final, 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)."

(c) Subsection (b) of section 7 of such act of February 22, 1935, is amended by striking out the words "a board created under authority of section 5" and inserting in lieu thereof the words "the Board."

(d) Section 8 of such act of February 22, 1935, is amended by striking out the words "a board created under authority of section 5" and inserting in lieu thereof the words "the Board."

(e) Section 9 of such act of February 22, 1935, is amended to read as follows:

"SEC. 9. The Board, and any agency, officer, or employee designated under authority of section 11, may hold and conduct such hearings, investigations, and proceedings as may be necessary for the purposes of this act, and for such purposes those provisions of section 21 of the Securities Exchange Act of 1934 relating to the administering of oaths and affirmations, and to the attendance and testimony of witnesses and the production of evidence (including penalties), shall apply."

(f) Subsections (a) and (b) of section 10 of such act of February 22, 1935, are amended to read as follows:

"SEC. 10. (a) Upon application of the Board, by the Attorney General, the United States District Courts shall have jurisdiction to issue mandatory injunctions commanding any person to comply with the provisions of this act or any regulation issued thereunder.

"(b) Whenever it shall appear to the Board that any person is engaged or about to engage in any acts or practices that constitute or will constitute a violation of any provision of this act or of any regulation thereunder, it may in its discretion, by the Attorney General, bring an action in the proper United States District Court to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond."

(g) Section 11 of such act of February 2, 1935, is amended by striking out the word "President" wherever it appears therein and inserting in lieu thereof the word "Board."

(h) All orders, certificates, findings, determinations, requirements, or regulations which have been issued, made, or granted prior to the enactment of this act, under authority of any provision of such act of February 22, 1935, which after the enactment of this act is to be administered by the Board, and which are in effect at the time of the enactment of this act, shall continue in effect until modified, terminated, superseded or repealed by the Board or by operation of law. Any hearing, investigation, or proceeding pending under such act of February 22, 1935, at the time of the enactment of this act, shall be continued by the Board in the same manner as though originally commenced by or before the Board. No suit, action, or other proceeding lawfully commenced by or against any agency or officer in relation to the exercise or discharge of powers or duties under authority of any provision of such act of February 22, 1935, which after the enactment of this act is to be administered by the Board, shall abate by reason of the transfer of such powers or duties, but the court may allow such suit, action, or proceeding to be maintained by or against the Board. There are hereby transferred to the jurisdiction of the Board all records of any agency heretofore designated by the President for the execution of any powers or duties under such act of February 22, 1935, insofar as such records pertain to matters to which such act relates.

IMPORTS

SEC. 5. The importation of petroleum and its products, including natural asphalt is hereby limited so that whenever the Board has reason to believe that petroleum and its products, including natural asphalt, are being imported or are likely to be imported into the United States under such conditions and in such quantities as to render ineffective or materially interfere with any program or operation undertaken under this act, under the interstate compact to which the consent of Congress is given by this act, or under the act of February 22, 1935, hereinbefore referred to, the Board shall cause an immediate investigation to be made to determine such facts. Such investigation shall be made after such notice and hearing, and subject to such regulations as the Board shall specify. If, after such investigation, the Board finds the existence of such facts, it shall certify all records pertaining thereto to the President and if after such report, findings, and recommendations by the Board, the President finds the existence of such facts he shall by order direct that the entry into the United States of such petroleum and its products, including asphalt, shall for such time as may be specified by him, be permitted subject to (1) such terms and conditions, and (2) such limitations on the total quantities thereof, as may be necessary to prevent the occurrence or continuance of the conditions above referred to. Any decision of the President as to facts under this section shall be final. The decision of the President shall be certified to the Board and upon information of any such order of the President, the Secretary of the Treasury shall permit entry of any petroleum, or its products, including natural asphalt, specified therein only in conformity with such order. After investigation, report, and finding in the manner provided in the case of an original order, any order or provision thereof shall be suspended or revoked by the President wherever he finds the circumstances requiring the order or provision thereof no longer exist, or shall be modified by the President whenever he finds that changed circumstances require such modification to carry out the provisions of this section.

VOLUNTARY INDUSTRIAL AGREEMENTS

SEC. 6. The Board is authorized to provide for the holding of meetings and conferences and to assist otherwise in the formulation of voluntary agreements between members of the petroleum industry whereby (1) the production of crude petroleum in such manner, in such amount, or under such conditions as to constitute waste may be avoided; or (2) the orderly, systematic, and scientific development of oil fields or pools may be accomplished; or (3) petroleum refineries may be operated in such manner that nonintegrated or semi-integrated refineries may compete on a fair basis with the refining units of integrated organizations in the oil industry, the processing of crude petroleum may conform with and support the crude petroleum production orders issued by State conservation authorities or conform with agreements which may be entered into under clause (1) of this section, and that equitable access to sources of crude petroleum supply may be achieved; or (4) nonintegrated or semi-integrated producers, refiners, and marketers may be assured fair access to markets. If the President, after investigation and report by the Board, finds that any such agreement will accomplish one or more of the purposes above specified and that the same is in the public interest, he shall by order approve such agreement and upon such approval such agreement shall be valid and effective, and such agreement and action taken thereunder while such agreement is in effect shall be exempt from the provisions of the antitrust laws of the United States. The President, after investigation and report by the Board, shall by order withdraw his approval of any such agreement, and such agreement shall thereupon cease to be in effect, whenever he finds that such agreement or operations thereunder fail to accomplish one or more of the purposes above stated or is not in the public interest.

In any such investigation reasonable opportunity for hearing shall be afforded interested parties. No such agreement shall be approved unless it provides for the payment of adequate minimum wages to employees, and for the maintenance of fair maximum hours of labor for employees.

ADMINISTRATIVE PROVISIONS

SEC. 7. (a) Wherever reference is made in this act to the Board, such reference shall be held to include, in addition to the Board, any agency, officer, or employee who may be designated by the Board for the execution of any of the powers and functions vested in the Board under this act.

(b) The Board, and any agency, officer, or employee designated under authority of subsection (a), may hold and conduct such hearings, investigations, and proceedings as may be necessary for the purposes of this act, and for such purposes those provisions of section 21 of the Securities Exchange Act of 1934 relating to the administering of oaths and affirmations, and to the attendance and testimony of witnesses and the production of evidence (including penalties), shall apply.

(c) The Board shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such rules and regulations as it may find necessary or appropriate to carry out the provisions of this act.

(d) The Board is authorized to appoint and fix the compensation of such officers, attorneys, examiners, and experts as may be necessary for carrying out its functions under this act or under any other provision of law, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, and the Board may, subject to the civil-service laws, appoint such other officers and employees as are necessary in the execution of such functions and fix their salaries in accordance with the Classification Act of 1923, as amended.

ANNUAL REPORT

SEC. 8. The Board shall make an annual report to Congress regarding the operations of the Board; and there shall be included in such report such information and data collected by the Board as may be of value in the determination of matters relating to the petroleum industry, and such recommendations for additional legislation as the Board deems advisable relating to such matters.

SEPARABILITY OF PROVISIONS

SEC. 9. If any provision of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of the act, 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. 10. This act may be cited as the "Petroleum Act of 1935."

[H. Rept. 1801, 74th Cong., 1st sess.]

PETROLEUM ADMINISTRATIVE BOARD

Mr. COLE of Maryland, from the Committee on Interstate and Foreign Commerce, submitted the following report to accompany H. R. 9053:

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H. R. 9053) to regulate interstate and foreign commerce in petroleum and its products, to establish the Petroleum Administrative Board, and for other purposes, having considered and amended the same, report thereon with a recommendation that it pass.

Amend the bill as follows:

Page 6, line 16, change "$12,000" to "$10,000."

Page 17, line 7, after the word "specified", insert "and that the same is in the public interest."

Page 17, line 17, after the word "stated", insert "or is not in the public interest."

H. R. 9053 is the recommendation of the subcommittee of the Interstate and Foreign Commerce Committee of the House, which subcommittee in the last session of Congress investigated the petroleum industry.

House Joint Resolution No. 441 of the Seventy-third Congress, directing the investigation of the petroleum industry aforesaid provided for report to the Seventy-third Congress. Because of the preliminary character of the report submitted as hereinafter discussed, there is no authority for the subcommittee, in response to the said resolution, to file what might be considered a final report. H. R. 9053 might be accepted therefore as the final report of the subcommittee with reservations on the part of one member of the subcommittee as hereinafter presented, which reservations are also the views of three other members of the full committee.

In the preliminary report filed January 2, 1935, pursuant to House Resolution No. 441 (73d Cong.), the subcommittee had the following to say:

"We have not deemed it advisable at this time to set forth in this report or to prepare for introduction when Congress convenes on January 3 a bill or bills embodying our conception of what permanent and/or temporary legislation should be enacted by the Seventy-fourth Congress dealing with the petroleum industry. There are numerous reasons for our taking this position. In the first place the National Industrial Recovery Act, though temporary, has through its provisions, and rules and regulations passed thereunder, helped the petroleum industry to some extent. At this time, for instance, the operation of the Federal Tender Board is given a great deal of credit for production being fairly in line with the demand established by the Federal Government. We anticipate that some of the pending temporary legislation will become permanent. Because of the constitutional difficulties which have arisen in the last 18 months in the administration of the Petroleum Code and other provisions of the National Industrial Recovery Act pertaining to petroleum, we feel that the decision by the Supreme Court of the United States in the Amazon and Panama cases should be very helpful to Congress in drafting legislation. The National Resources Board appointed by President Roosevelt early last summer to make a study of national, including natural, resources has just submitted an exhaustive report, volume 1 thereof being the only one available to the subcommittee at this time. Volume 5 evidently will deal with our natural resources and it is important that the information and recommendations therein be known to Congress before definite legislation is considered.

"Another reason for not submitting legislation with this report is the pending effort of the Governors of the oil-producing States to effect an interstate compact. We have made reference to the first meeting of the Governors' conference on December 3 last. A second meeting will be held simultaneously with the convening of the Seventy-fourth Congress. We strongly urge upon the oil-producing States the adoption of State compacts to deal with the problems of the production of petroleum with which individual States are powerless to cope. The subcommittee clearly recognizes the principle of State compacts for the purpose of effecting a common end of State interests. Other plans for dealing with the problems of petroleum production outside of State lines are full of constitutional questions. State compacts, flexible in operation and over which the President of the United States or a Federal agency in the interest of the consuming masses of the Nation, may hold some veto power, is a solution of those problems of petroleum production which cannot be solved by modification of the "law of capture" and other legislation operating within State boundaries. We are confident that the Governors of the oil-producing States and the majority of the industry within those States, are cognizant of the common-sense theory that waste of petroleum resources must be prevented. Huge waste, such as the subcommittee has witnessed in the panhandle of west Texas should not be permitted to continue. Waste of many kinds in other fields, both past and present, shock anyone possessing familiarity therewith.

"At the meeting of the Governors and Governors-elect and representatives of Governors, held on December 3, various important resolutions looking to the formation of an interstate compact were offered. It is the understanding of the subcommittee that these resolutions will be before the second meeting on January 3, 1935. This discussion and consideration by the Governors of our oil-producing States coming at this time when the legislatures of all of these States are either in session or about to convene presents ample opportunity for the oil-producing States through actual agreement and approval to present to the Seventy-fourth Congress before its adjournment a definite, specific compact for its consideration. It will not take many weeks after January 3 for the Congress to decide whether the effort of the Governors of the oil-producing States promises worth-while results. We believe they should be given the opportunity to take the initiative in drafting definite proposals without the Congress setting forth in a permissive way something in advance for the States to adopt. Something real and substantial may grow out of the pending effort. If it does not, the Seventy-fourth Congress will have ample time to pass such legislation as may be necessary.

"The determination of the necessity, extent, and character of possible legislation depends in part upon the question of whether an excessive supply of petroleum exists. There may be a difference of opinion as to whether excessive supply of petroleum and its products means supply available to meet current demand, or reserves available to meet future demand.

"We recommend, therefore, that any legislation establishing permanently the interest of the Federal Government in the petroleum industry should provide for an agency, commission, or board, as it might be designated, to absorb some of the activities in various departments of the Federal Government as now constituted. The Bureau of Mines might very easily be revamped for the purpose.

"The subcommittee feels that such an agency should have sufficient personnel and authority to study continuously the status of the petroleum reserves; encourage discoveries of new pools; assist in improving present-day methods of production; study the possibility and expense of repressuring in various existing fields; systematically determine the total demand for petroleum and its products, both domestic and foreign; have jurisdiction over the management of oil-producing public and Indian lands; be given jurisdiction to establish pipe-line rates, unless the Interstate Commerce Commission is given greater appropriation to handle more expeditiously this subject now before it; and to study and make report as to the advisability of divorcing pipe lines; recommend at regular intervals to the President of the United States—the President being given authority by Congress to approve—limitations upon the importation of petroleum and its products, including natural asphalt, so as to prevent importation thereof from interfering with current domestic production by supplying an undue proportion of the domestic consumption and export demand therefor; to represent the Federal Government, if need be, in any cooperative interstate compact, agreed upon and approved by the Congress; and, in general, to possess all other necessary authority so as to present that dignity, from a national standpoint, to which the subcommittee believes the petroleum industry is entitled.

"Coal, timber, and other natural resources, might properly also be included under the jurisdiction of this agency.

"We are convinced that not sufficient attention is being paid to the interest of consumers of petroleum products. Settlements

of so-called 'price wars', which result in some cases in an increase of 100 percent in the cost of gasoline, strain the credulity of the observer on the theory that they just happened without prearrangement in view of the fact that the Sherman Antitrust Act is still the law of the land, except insofar as temporarily it may be suspended by the operation of the National Industrial Recovery Act, we think that the fixing of gasoline prices is a matter worthy of close and constant scrutiny by the Department of Justice.

"It is the purpose of the members of this subcommittee, all of whom have been reelected to the Seventy-fourth Congress, to ask the permission of the Seventy-fourth Congress to file a supplemental report when the decision of the Supreme Court in the Panama and Amazon cases shall have been rendered, the result of the Governors' conference, now in session with respect to an interstate compact, shall have been concluded, and the full report of the National Resources Board shall have been published."

Following the decision of the Supreme Court in the Panama and Amazon cases (the opinion printed in CONGRESSIONAL RECORD of Jan. 7, 1935), S. 1190 seeking to enact new legislation which would be constitutional, accomplishing the same purpose as section 9–C of the National Industrial Recovery Act, which section was declared unconstitutional in the aforesaid case, was introduced. S. 1190 was reported out by the Interstate and Foreign Commerce Committee of the House and in reporting that bill and advocating its passage, the report contained the following statement:

"It is only fair to state that this bill does not wholly represent the views of the members, both of the committee and the subcommittee, as to the proper legislative remedy for the ills of the petroleum industry. This bill is essentially stopgap legislation to meet the objections pointed out by the Supreme Court in the 'hot oil' cases to the constitutional validity of section 9 (c) of the National Industrial Recovery Act. If it is enacted, it will again check the movement of 'hot oil' until the entire question can be more thoroughly considered."

In the early part of the session a bill dealing with control and regulation of the petroleum industry was introduced by Senator THOMAS of Oklahoma, and subsequently a new bill in the form of amendments to the original was also introduced by Senator THOMAS. In anticipation of this bill, which has been the subject of hearings before the Senate Committee on Mines and Mining and reported out, and now on the Senate Calendar being passed by the Senate in some form and later being referred to the Committee on Interstate and Foreign Commerce of the House for consideration, no legislation was recommended by the subcommittee dealing with this subject other than the Connally bill referred to.

The subcommittee now feels, in view of the investigation conducted pursuant to House resolution aforesaid and the reasons stated in the report of January 2, 1935, for not recommending at that time concrete legislation, now no longer existing, it is to be expected, in fact it is their duty, to give some final expression to their views on this very important subject. As the initial report of the subcommittee will disclose, they gave during the investigation considerable encouragement to the formation of the interstate compact and are glad to state in this report that which is known to many Members of the House, that through the efforts of many progressive Governors of a number of the oil-producing States, and we feel to some extent as a result of the encouragement of the subcommittee, such a compact has been entered into.

Gov. E. W. Marland, of Oklahoma, acting in behalf of the representatives of those signatories to the compact, transmitted the compact to the President of the United States and the chairman of the aforesaid subcommittee, with the request that such legislation as may be appropriate to ratify the compact might be passed at this session. The compact is set forth in full in section 1 of H. R. 9053.

It will be noted the great States of Texas, Oklahoma, California, Kansas, New Mexico, Arkansas, Colorado, Illinois, and Michigan are parties to the compact and that the Legislatures of the States of New Mexico, Oklahoma, Kansas, Colorado, Texas, and Illinois have to date ratified.

The delay in the present Congress in requesting ratification of the aforegoing compact might be attributed to an honest desire and effort on the part of the President and others, including many Members of Congress to work out in some agreeable way a bill ratifying said compact and at the same time including advisable suppiemental legislation. Many conferences, many letters and telegrams, looking to this have occupied the interim between the receipt of the compact and the present time. It is fair to state that some Members of the House have intended to introduce oil legislation at this session but have deferred such action with the hope that a report of the subcommittee aforesaid might be submitted. Following the introduction of H. R. 9053, Representative DISNEY, of Oklahoma, who introduced the bill in the Seventy-third Congress which brought about the investigation aforesaid, introduced an identical bill.

H. R. 9053 differs in many respects from the original Thomas-Disney bills but it is, in the judgment of the committee, as far as Congress should go on this subject, and includes all legislation necessary to meet the problem as it exists today and we hope for all time.

This bill in detail does the following:

It provides for ratification of the interstate compact, realizing that the compact itself is not the strongest document of the kind that could be drawn, but that it is an initial effort on the part of the oil-producing States to meet, in a constitutional way, the prevention of waste of this great resource and in that way the conservation thereof. The compact bespeaks an effort on the part of a number of States to meet a great problem which is peculiarly a State one and yet the magnitude of which flows over into every State of the Union, thereby making it one of real national interest. The right of the States to handle and control the production end of this industry is one that the committee recognized and wants to encourage. The problem is not too big for the States if they sincerely want to solve it; at the same time it is not one which will tolerate abandonment or trifling by the States. The country as a whole has the right to demand that petroleum, a great God-given resource belonging as a whole to no State or individual, but a natural national resource, must be conserved and must not be wasted. Petroleum has admittedly become an integral, indispensable part of almost every activity of our country, both private and public. It presents a problem which the committee recognizes as belonging in a large measure to the States for solution, but in order for the States to succeed in such an effort they must have the cooperative help of the Federal Government.

If many other problems, involving production, peculiar to a known number of States, had been handled through the compact procedure as a real and genuine effort on the part of the interested States to solve such problem, and that, approved by Congress, much legislation heretofore passed by Congress dealing with production of many commodities would have been unnecessary. When Congress gives approval, however, to a compact of the type set forth in section 1 of this bill, giving to the principal oil-producing States control of production of petroleum, supplemental legislation is necessary and advisable to the extent included in this bill. Section 2 provides for a Petroleum Administrative Board, an independent agency of the Federal Government. The members of this Board are to be appointed by the President with the advice and consent of the Senate. The duties of the Board make it advisable in our judgment for a separate agency instead of some bureau chief, or agency appointed by a Cabinet member without the approval of the President or the Senate to administer its provisions. The petroleum industry is our third largest industry, railroads and agriculture being the only two exceeding it in investment. Since the World War this industry has been the subject of ever-recurring investigation and study on the part of the Federal Government. President Coolidge sensed the importance of the President and Congress knowing at all times, if possible, the status of our petroleum reserves, and of the necessity for rigid waste-prevention measures and in general, the preservation as long as might be possible, of a resource of almost immeasurable value, admittedly indispensable at this time to enumerate activities and yet of a limited quantity. President Hoover and President Roosevelt have likewise expressed their keen interest in a similar way. The quantity of petroleum in the country today is pretty well known and no one will deny that while there is more than is necessary to meet current demand it is shockingly low to meet future demand. New discoveries it is true will be made, but such new discoveries should be accompanied by a greater respect on the part of developers of such fields looking to ultimate recovery from such fields, or pools, than has been the experience of the past in the shocking conduct of operators in the larger fields of the country.

Section 3 covers the powers, duties, and functions of the Board. Such duties present no encroachment whatsoever by the Federal Government upon the prerogatives of the States. The Board is the agency of the entire country and not the agency of the producing States alone, which agency however is to cooperate in every helpful way with the interstate compact group in carrying out the purposes and objects set forth in the compact. The proposed Board is to know, as near as possible, at all times, the status of petroleum reserves and sources of supply. It is to study and investigate the discovery and orderly development of all sources of supply and improved methods of production, as well as the possibility and the expense of repressuring existing fields. All of these subjects, as well as many others of a technical, geological, and engineering character, are known to the lay mind, not to say anything of one who is familiar with the industry and its ramifications. The importance of such information being in the possession of the Federal Government is too important to need any elaboration in this report. The Board has the important function of determining the total demand for petroleum to be produced in the United States, including domestic consumption, additions to storage, and export requirements. This aggregate figure is then divided and each producing State informed by the Board of the division, after the Board has taken into consideration all pertinent information necessary in order to make a fair allocation or determination. Such pertinent information will necessarily include limitation upon production from any pool to the point that waste will be prevented. It will take into consideration also the potential of such pools, the investments therein, the refining, transportation, and marketing activities associated therewith. Bear in mind this finding by the Board is not imposed upon the States in any mandatory fashion whatsoever. It is totally advisory and can be accepted by the States as a limitation upon the production therein, in any way the State might determine. This finding by a Federal agency has been pretty generally conceded by witnesses in the hearings before the subcommittee as advisable. It is our belief that the producing States will give serious consideration to this finding, in determining through the State conservation boards the production allowables in the respective States.

Further justification for an independent board might be requested. This Congress passed in the early part of the session S. 1190, which legislation provides for tender boards to be set up to administer the provisions of that law. These boards, without any limitation upon the number, depending entirely upon the necessity therefor, are paid salaries of $5,000 to each member. One board is now in existence in east Texas. The board created under H. R. 9053 takes over completely the administration of S. 1190 (the so-called "Connally bill") and makes unnecessary the appointment of tender boards as therein provided. The administration of the Connally bill will be carried out by the board created in this act through the employees of the board just the same as other comparable functions of the Federal Government under other boards. This bill provides for limitation upon imports of petroleum and voluntary industrial agreements within the industry, all of which come under the duties of this board.

The program lodged within the four corners of this bill is too important to be vested, as to its administration, in the hands of a bureau head, or a subordinate agency of some Cabinet official. It should be dignified in the way this great industry deserves, with the appointment of a board by the President, with the approval of the Senate, so that with all the duties it has upon it, it will reflect that dignity, and that position which other great industries of the country enjoy in the distinction they have so far as Federal interest in their problems is established. This provision of the bill establishing a separate board and imposing the very important duties thereon has had the most serious and careful attention of the committee and the large majority of the committee feel very strongly that it is most important that it be retained substantially in the form we have recommended.

Section 4 of the bill places the administration of the Connally Act, passed on February 22, 1935, under the new board and transfers all appropriations given to provide for the administration of the Connally Act to the new board. This includes, as we expect, the $500,000 recently provided in the deficiency bill for the administration of the Connally Act.

Section 5 provides for regulation of imports and is quite similar in language to the import provisions of the recent amendments to the Agricultural Adjustment Act. It says that the President upon factual finding by the board shall limit importation of petroleum whenever it is found that the importation of petroleum, including natural asphalt, into the United States is in such quantities as to render ineffective or materially interfere with the program undertaken in this act. That means in brief this: This bill sanctions production control by the States to the extent that such control can be regulated under waste-prevention statutes as a legal exercise of the police power of the States, and it is fair to the producing States that they should enjoy the market or the maximum production the reserves of such States will permit so long as such production is in keeping with proper conservation laws. It is folly to say that the greatest ultimate yield of petroleum will be enjoyed by the producing States and come to the great consuming portion of this country from our own markets if production is permitted under scientific engineering advice, so as to not include shocking waste such as we have known to exist in the past, and in the same breath say that there shall be no protection to the producing States from the markets of foreign countries. This is true conservation, and this is what is best for our country as a whole. The provisions work both ways. If there is an unnecessary curtailment, or if there is a curtailment, of production below what there should be produced then the importation of the product can be permitted to a larger extent than otherwise.

Section 6 provides for voluntary industrial agreements. When the subjects to be covered in such agreements are read, it is hard to conceive of anyone objecting to any of it. They all suggest very pertinent and important phases of the petroleum industry in which the entire country is interested. As has been aptly said by one prominent member of our committee, this provision adopts, to an extent, the theory of the National Recovery Act, but brings about the genuine purposes thereof through voluntary action instead of by Government fiat. It is true that such agreements, when approved, shall exempt the parties thereto from the provisions of the antitrust laws. The agreements must cover the subjects set forth in section 6 and be in the public interest, and furthermore have the approval, with the right of withdrawal thereof, of the President of the United States. The agreements must provide for adequate maximum wages for employees and for the maintenance of fair maximum hours of labor for employees. They are totally voluntary with no penalties for the violation thereof to be imposed by the Federal Government.

The remainder of the bill briefly embodies necessary administrative provisions and for an annual report of the Board to Congress.

The Committee on Interstate and Foreign Commerce respectfully recommend that H. R. 9053, as amended by the committee, do pass.

MINORITY VIEWS

We, the undersigned members of the Committee on Interstate and Foreign Commerce, are opposed to the provision in the bill H. R. 9053 relating to the establishment of a Petroleum Administrative Board. It means another board with the usual consequences and additional expense and is, in our opinion, wholly unnecessary. All necessary work that the bill proposes to have the Board do is now done by the Bureau of Mines in the Department of the Interior, or can be done by it with little, if any, addition to its personnel.

We are opposed also to the provisions of the bill relating to voluntary agreements between those in the industry and making such agreements, when approved by the President, exempt from the provisions of the antitrust laws of the United States. Our experience with a similar provision in the National Industrial Recovery Act and its application to the codes was not such as to commend its application to the petroleum industry.

JOHN G. COOPER.
CARL E. MAPES.
PEHR G. HOLMES.
SCHUYLER MERRITT.

Senate bill 2027 passed the Senate and has been referred to the committee, while the House bill, reported out by the committee, is on the calendar. Both bills include, in section 1, in identical language, the interstate compact asking for its ratification, along with supplementary legislation. We have become convinced very definitely that neither of the bills can be gotten through at this session. We feel that in fairness to the States entering into these compacts, trying to conserve this resource and prevent the waste of it, they should certainly have the approval of that effort by Congress, such as the compact requires. The eight States entering into the compact are the main producing States of the country. Six of those States have ratified, through their State legislatures, two still remaining to act.

All this resolution does is to give approval to that effort of a compact which expires in September 1937, and nothing else.

Mr. BOILEAU. Will the gentleman yield?

Mr. COLE of Maryland. I yield.

Mr. BOILEAU. Does this resolution authorize the various States to enter into compacts, or to ratify a compact which has already been entered into?

Mr. COLE of Maryland. To ratify a compact which has already been entered into by the various States and approved by the required number of legislatures.

Mr. BOILEAU. Did the Congress at some previous time authorize the States to negotiate this compact?

Mr. COLE of Maryland. No. The committee investigating this industry under the resolution to which I have referred, attended the initial meeting of the governors. We gave some encouragement to a compact being drawn up.

Mr. BOILEAU. The gentleman will recall there was a resolution introduced by the gentleman from Massachusetts [Mr. HEALEY] authorizing the State of Massachusetts to enter into compacts with reference to labor questions.

Mr. COLE of Maryland. That is correct.

Mr. BOILEAU. And they took the position at that time that the Congress must authorize the negotiation of the compacts before the State could legally go ahead and enter into them. It did not seem to me that was necessary. Is the gentleman convinced that it is not necessary that Congress should first authorize the States to negotiate such compacts?

Mr. COLE of Maryland. I am so convinced.

Mr. Speaker, I commend to the Members of the House the hearings before and the report of our subcommittee conducting the investigation referred to, also the report submitted with S. 1190. All of it will be useful to you in preparing for further discussion of the important question in the future. I reserve the balance of my time.

Mr. MAPES. Mr. Speaker, may I be notified when I have used 10 minutes?

Mr. Speaker, as far as I know, there is no particular opposition to this resolution ratifying the compact entered into between certain oil-producing States. Personally, I think it is more or less of an idle gesture. I do not think the resolution contains anything which needs to make anybody very enthusiastic either for or against it. As an indication of that is the fact that there is no opposition to it. Anything relating to the oil business that creates no division among those in the industry you may put down in your notebook as not amounting to much. In my judgment, that is the situation as far as the ratification of this compact is concerned.

The real fundamental issue in the oil problem, as I see it, is whether there is going to be real Federal supervision and control over the production and distribution of oil, or

whether the States are to continue to have a free hand in that respect. This resolution does not touch that question. It does not attempt to go into that question in any way. The question which the gentleman from Illinois raised is not involved in this resolution, which is confined entirely to ratifying the compact.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MAPES. I yield for a brief question.

Mr. FITZPATRICK. The object of the compact is to reduce the amount of oil produced; is that the idea?

Mr. MAPES. I do not think so. Personally, I think one of the chief reasons for the compact was to head off any real legislation relating to oil on the part of the Federal Government.

Mr. FITZPATRICK. The idea is to reduce the amount of oil produced? In other words, so that they can increase the price?

Mr. MAPES. If the gentleman from New York will read this resolution he will find there is nothing in the resolution or in the compact which has any restraining influence upon any State, whether it is a member of the compact or not, as far as the production of oil is concerned.

Mr. FITZPATRICK. Well, then, what is the object of the compact?

Mr. MAPES. I believe that one purpose of it is to head off Federal regulation, as I have stated.

Mr. FITZPATRICK. That is very important.

Mr. MAPES. The most that can be said of it is that it is the expression of a pious hope. It expresses the hope that the different States will pass legislation preventing unnecessary or unreasonable waste in the production of gas and oil. Whether the States do it or not is left entirely to their own volition. They have the same discretion in that respect whether they join the compact or whether they do not. As for me, I see no particular good that the compact will accomplish or any particular harm that it will do.

As far as I have been able to ascertain, the State of Michigan, which produces some oil, has no particular enthusiasm for the compact. If anybody will read the resolution, he will see that there is nothing binding upon anybody, nothing binding upon any State in it. After a State enters into the compact there is nothing binding upon it except, perhaps, the moral responsibility of passing some legislation within a reasonable time which will attempt to prevent undue waste of the oil and gas resources within the boundaries of the particular State, and the most, if not all of them, have done that already.

Mr. FITZPATRICK. Why is it necessary, then, to pass it?

Mr. FADDIS. Mr. Speaker, if the gentleman will yield, I would like to say to the gentleman from Pennsylvania that no proposal of this kind to be entered into could begin to raise the price of oil like the companies that own the wells, that own the pipe lines, that own the tanks, and that own practically all the oil in the United States. They are the ones who can raise the price without the help of anything of this kind.

Mr. MAPES. As the gentleman from Maryland, who introduced the bill to which he has referred, has indicated, I dissented from some of its provisions, including that to which the gentleman from Illinois referred, and to which the independents object. That provision is not in this bill. This bill contains only the fore part of the bill introduced by the gentleman from Maryland relating to the State compact, and confines itself strictly to the ratification of the State compact. If anyone will carefully read the resolution, I think he will see that the compact does not actually bind any State. It may perhaps lead to some good results by encouraging more cooperation between the several States. It provides for a commission made up of representatives of the States which enter into the compact to study the problems connected with the industry and to report the results of such study to their respective legislatures. So far as I can see, this is the only affirmative thing in the compact. It still leaves the whole problem of regulation and control of the oil industry open the same as it has been, and leaves the main controversial subject as to whether the Federal Government shall step in and attempt to regulate the production and distribution of oil in the several States as it now is, undecided.

Mr. MILLARD. Mr. Speaker, will the gentleman yield for a question?

Mr. MAPES. I yield.

Mr. MILLARD. How does this compare with the Connally bill, briefly?

Mr. MAPES. The Connally bill contained this provision and a provision making permanent the so-called "Connally 'hot oil' amendment." It also had a provision relating to imports. The provisions relating to imports and to the extension of the Connally amendment are eliminated from this resolution. It contains a simple provision providing for the ratification of the State compact.

Mr. MILLARD. Has this bill passed the Senate, has the Connally bill passed the Senate, or have both passed the Senate?

Mr. MAPES. The Connally bill has passed the Senate and has been referred to the Committee on Interstate and Foreign Commerce.

Mr. MILLARD. This bill as I understand has not passed the Senate.

Mr. MAPES. This is a resolution introduced by the gentleman from Maryland [Mr. COLE], and simply ratifies the State compact.

Mr. DOBBINS. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield.

Mr. DOBBINS. If the States under the powers conferred upon them and ratified by this resolution should go into the field of entering into interstate agreements controlling marketing, would this resolution ratify and confirm such action on the part of the States?

Mr. MAPES. Not at all; not in my judgment.

Mr. COSTELLO. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield.

Mr. COSTELLO. What is the necessity for the Federal Government setting up a petroleum administration board for this compact between the States, a board which will cost $50,000 a year?

Mr. MAPES. That is not in the resolution before the House. The resolution before the House simply contains the first provision of the bill the gentleman has in mind.

Mr. COSTELLO. The resolution concerns only the first part of that bill?

Mr. MAPES. It relates only to the State compact.

Mr. COSTELLO. What will be the effect of the State compacts, to benefit the large companies or will it help the independent producers?

Mr. MAPES. I do not think it will affect them one way or the other. I discussed that subject earlier in my remarks, I may say to the gentleman.

Mr. COSTELLO. I thank the gentleman.

Mr. MAPES. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey, Mr. WOLVERTON.

Mr. WOLVERTON. Mr. Speaker, it was my privilege to be a member of the special committee appointed at the last session of Congress to study proposed legislation affecting the production, refining, transportation, and marketing of oil. We were very fortunate in having as our chairman the distinguished gentleman from Maryland, Mr. COLE. The committee made a very careful, complete, and comprehensive study of the subject. The result of the study made by the committee will be found in several volumes of printed hearings. It has been acknowledged to be the most comprehensive and worthwhile study that has ever been made of the oil industry. The information gathered by the committee is so worth while in character and scope that it should receive careful study and consideration as a basis of any legislation affecting the oil industry.

After considerable consideration given to the matter, the bill known as the "Cole bill" was introduced. A controversy has arisen with respect to some of its provisions which makes it impossible to obtain its consideration at this session. A compromise has been entered into by which the first section of the bill is to receive consideration, ratifying a compact which has been entered into by some of the oil-producing

States. As has been so well stated by the gentleman from Michigan, the compact does nothing either helpful or harmful to anyone.

Members of the committee have been of the opinion that no legislation should be passed affecting the oil industry that was not comprehensive in character. In my opinion, it was unfortunate that earlier in the session we passed legislation known as the "Connally bill", which dealt with only one feature of this great and intricate subject. I do not mean to infer that the legislation referred to was improper, but merely that it should not have been passed until every other feature that had a direct relationship to the subject had been considered and provided for by accompanying legislation. The Connally bill was piecemeal legislation. It is fortunate, however, that a time limitation was placed upon it. This will give opportunity to study its effect and again require its consideration at a future day not far distant.

The resolution now before the House likewise only deals with one feature of the subject. It is important, not because of the terms of the compact entered into between the several oil-producing States which have signed and now seek congressional ratification but because it indicates a tendency upon the part of such States to act jointly. There is much to be done by the States themselves. There is a realm in which they alone can act. Likewise, there is an important part that must be taken by the Federal Government, particularly in protecting the interests of the consuming public.

The compact which is the subject of the present resolution is not complete or comprehensive—as I have already said it will neither help nor harm in any serious way. The gentleman from New York [Mr. FITZPATRICK] asked as to the purpose of the compact, if it is as ineffective as previous speakers have indicated. His question could have been properly answered by saying that it was a "face-saving" proposition—no more, no less. The governors of some of the oil States, or their representatives, met in answer to a call from the Governor of Oklahoma. They were unable to agree upon the terms of an effective compact. They were about to adjourn without an agreement. Thereupon the compact contained in the resolution now before the House was proposed and entered into because it did not seek to bind any State in any way that it did not wish to be bound. Thus it became possible to announce an agreement had been entered into and that the governors' conference was not a complete failure.

I am certain that if any genuinely effective terms had been sought there would have been no agreement. I regret to say it. However, even though the compact is not important from the standpoint of its terms, yet it is important in that it has a tendency to keep the several oil-producing States upon speaking terms at least.

The compact was entered into by the States which signed it with full knowledge that it did not do anything. It does, however, preserve an opportunity or a duty on their part to come back and meet together again at some future time. It was merely a step, and a very small step, in the direction of oil control. I wish to again emphasize the thought that so far as I am personally concerned, I take the position that no legislation should be passed without a full, comprehensive, and complete treatment of the entire subject. We have not had such legislation presented to us for action as yet. While I shall vote for this resolution, I do so with the idea that no harm can be done by its adoption, and in the hope that some good may come out of it eventually.

In answer to the question that was raised as to whether the underlying purpose of the compact was to control production so that it would have an effect on price, may I say that I believe the bills that were originally introduced seeking, under the term of conservation, to control the production of oil really had for their purpose no other idea than stabilizing the price in a way that would be beneficial to the big oil-producing companies. Such legislation without adequate governmental supervision might prove highly detrimental to the consumers of this Nation. However, for the comfort of the gentleman who asked the question, may I say that there has been made a part of this proposed compact the following language, which appears in article V:

> It is not the purpose of this compact to authorize the States joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or create or perpetuate monopoly, or to promote regimentation, but is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from New York.

Mr. FITZPATRICK. Then the gentleman believes that the Connally "hot oil" bill would reduce the production of oil and increase the price?

Mr. WOLVERTON. I would not want to give that as the reason for the bill being introduced, but I can readily understand that it could have that effect if there should be no Federal supervisory jurisdiction provided in the matter.

Mr. MILLARD. Will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from New York.

Mr. MILLARD. Do I understand that this Petroleum Administrative Board has been stricken from the bill?

Mr. WOLVERTON. Yes. The only matter now before the House for consideration is a resolution which embodies the first section of the bill, to which the gentleman refers.

Mr. SIROVICH. Will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from New York.

Mr. SIROVICH. Article V of this compact states:

> It is not the purpose of this compact to authorize the States joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or create or perpetuate monopoly, or to promote regimentation, but is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations.

Would not the very act of conservation bring about a reduction in oil and an increase in its cost?

Mr. WOLVERTON. I could not hear what the gentleman said. What was the question?

Mr. SIROVICH. Did the gentleman hear what I read?

Mr. WOLVERTON. Yes; but I did not hear the question which followed.

Mr. SIROVICH. Would not the conservation, which is the purpose of this compact, in itself bring about a reduction of oil and thereby increase its cost?

Mr. WOLVERTON. There is no doubt in my mind that whenever you reduce the availability of any commodity there is a natural tendency to increase the price to the consumer.

In that connection I wish to give a word of warning. No legislation should be passed under the guise of conservation which has for its purpose or effect an increased price to the consumer, or that permits under the guise of stabilization a loss of the beneficial effect of supply and demand and open competition. Care must be observed in all such legislation to adequately and effectively guard the interests of the consuming public.

There can be no controlled production without having a direct effect upon the price to the consumer. While it may be necessary at some time to conserve oil as against its possible exhaustion, yet at no time should it be possible under the cloak of conservation to limit its production so that there will result a stabilization of price to the detriment of the public. All too frequently the real purpose of conservation agitation has been to stabilize an increased price of oil to the consumer.

We must never overlook the fact in considering any legislation that has for its purpose the control or limitation of production that the price to the consumer is thereby affected, and if there is no governmental supervision or control the price will be an increased price to the consumer. Whenever the available supply of any commodity is reduced or limited the direct result is an increased price to the consumer. This is particularly true when applied to any natural resource such as oil.

Therefore, no legislation should ever be passed that will make it possible for either a combination of oil producing States or oil producers, large or small, to limit or restrict production to such an extent as to prove detrimental to the public interest.

Mr. COLE of Maryland. Mr. Speaker, I yield such time as he may desire to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Speaker, as between those in the oil industry who desired no legislation at all, on the one hand, and those who wanted complete regimentation of the oil industry on the other hand, I think the ratification of this State compact is, at least for the present, a happy medium and in the public interest.

Mr. Speaker, there was a draft of a bill presented a year ago known as the "Margold draft." That was never formally presented to the Congress, but it was understood to have the backing at that time of some rather important people in the Government. The Margold bill would have given the Federal Government the power to reach its long arm out from Washington and turn the valve at the head of every oil well in the Nation. It would have given the Federal Government the power to fix the price of petroleum products down to a gallon of gasoline sold anywhere in America. It would have given the Federal Government the power to determine what men should or should not enter the filling station business. That is one side of the argument. On the other side are those who want no regulation. They want the old ruthless system of individualism; that is, drain the oil reserves of the Nation as quickly as they can, make their fortunes as quickly as they can, and let the future take care of itself.

Mr. Speaker, the investigations of our committee of a year ago demonstrated that the known petroleum reserves of the Nation will last only from 10 to 15 years. Of course, it is anticipated that in the future we will find new oil wells the same as we have in the past; therefore, it is not likely that the oil reserves of the Nation will be exhausted in any such period of time. But, so far as the oil reserves of the Nation are known to exist, we have only enough oil to last this Nation 10 or 15 years. It is known that in the last 4 or 5 years we have been exhausting our petroleum reserves faster than we have been finding new supplies underground.

The question has been raised by the gentleman from New York [Mr. FITZPATRICK] with reference to whether the effect of the bill will be to gouge the consumer to the profit of the producer.

It is my judgment that nothing of that sort can happen under the State compact, not only on account of the limitation of article 5, which the gentleman from New York [Mr. SIROVICH] read a moment ago, which expressly states, "It is not the purpose of this compact to authorize the States adjoining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof or create or perpetuate monopoly, or to promote regimentation", but also there are some practical reasons, I may say to my friend from New York, why I do not think it is possible that the oil-producing States of the Nation will unnecessarily restrict production. One of the reasons, I will say to my friend from New York, is that many States have what is called an "extraction" tax, or a production tax, so that the more oil produced the greater the revenues that go to the State governments, and in these days, when the burden of taxation is so great and the hand of the taxgatherer is so heavy over the land, I do not anticipate that State governments are going to unnecessarily restrict the production of oil so as to cut down the source of a large part of their revenue. Down in Texas, which is the greatest oil-producing State of the Nation today, they have a tremendous area of land that is publicly owned on which oil has been found, and the proceeds of the oil from these publicly owned lands in Texas go to the support of the public-school system of Texas and the University of Texas, and they are furnishing, as I recall, substantially the greater part of the school revenues of Texas. So it is not likely, in my judgment, not only on account of the tax but on account of the proceeds of the oil that is owned by the State, that they are going to severely and sharply curtail production for the purpose of unduly enhancing the price. In addition, there are hundreds of thousands of royalty owners who will protest any drastic curtailment of production.

Mr. SIROVICH. Mr. Speaker, will the distinguished gentleman from Indiana yield?

Mr. PETTENGILL. Yes.

Mr. SIROVICH. Would not this compact be instrumental in increasing the cost of oil in the non-oil-producing States?

Mr. PETTENGILL. It might have a slight effect in that direction, I will say to my friend, insofar as it prevents the flooding of the market with supplies from new fields, like the great east Texas oil field. There might be a new east Texas field come into the market and for a year or two oversupply the Nation, and then perhaps, in a very few years, we would regret we had wasted the petroleum reserves of the Nation.

The future of national defense, aviation, and the automobile industry for years to come is going to depend upon reasonable conservation of these great natural resources.

So I do not anticipate, Mr. Speaker, that there can be any reasonable fear of enhancing the price to the consumer, and then let me say this as an additional reason why this will be the fact: There are many oil-producing States of the Nation that are not in the compact.

Mr. SIROVICH. Which ones?

Mr. PETTENGILL. Pennsylvania, for example, and Michigan are outside the compact. California, which is the second or third largest oil-producing State in the Union, is outside of the compact.

Mr. FITZPATRICK. However, those States can come if they want to.

Mr. PETTENGILL. Yes; they have that right.

Mr. FITZPATRICK. And they are apt to come in at any time.

Mr. PETTENGILL. They may, but it has been very hard for these oil-producing States to agree on anything.

Mr. FORD of California. Mr. Speaker, will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. FORD of California. Do I understand that under article I, if the States of Oklahoma, Kansas, and New Mexico ratify it, then California would necessarily have to ratify it?

Mr. PETTENGILL. No; no State is bound unless it comes in, or, in other words, only the States that come in are bound.

Mr. FORD of California. The language in article I is, whenever any three of the States of Texas, Oklahoma, California, Kansas, and New Mexico have ratified and Congress has given its consent.

Mr. PETTENGILL. That makes the compact effective when any three of the States ratify it with respect to the States that do ratify it.

Mr. FORD of California. And only then.

Mr. PETTENGILL. Yes.

Mr. FITZPATRICK. Is it not a fact that the States can do this now without this resolution?

Mr. PETTENGILL. Do what?

Mr. FITZPATRICK. Enter into this compact and conserve the oil without this resolution being passed?

Mr. PETTENGILL. No; not without the consent of Congress.

Mr. FITZPATRICK. They have been doing that and they have already entered into a compact.

Mr. PETTENGILL. The States, under the Federal Constitution, cannot enter into any compact without the consent of Congress. It must be ratified by the Federal Government before it is effective.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. SIROVICH. If this compact is established and you have stabilization and conservation of oil and higher prices, could Congress abolish the compact or could the antitrust laws be invoked against their compact?

Mr. PETTENGILL. There is nothing in the compact, I will say to my friend, that suspends the operations of the antitrust statutes of the Nation, and the compact is to endure only for 2 years or, in other words, it will expire on September 1, 1937.

Mr. COLE of Maryland. If the gentleman will permit, I may say for the benefit of the gentleman from New York, that section 2 of the resolution provides for rescinding this approval of the Congress.

Mr. PETTENGILL. Yes; and those who are familiar with the production of natural gas, as in the Panhandle of Texas, where, during the past 2 or 3 years, we have been blowing every day, into the air, more natural gas than is consumed in the United States, can appreciate that unless there is a compact, this situation may continue. It is rather difficult in the competition by the States for the natural-gas market of America, for one State to effectively enforce legislation against the waste of natural gas unless the other States join in it.

Mr. SIROVICH. Will this do away with the evil of "hot" oil, also?

Mr. PETTENGILL. It will tend to do that to some extent, because the resolution provides that the States may take such steps as may be necessary to deny to interstate commerce oil that is produced in violation of the provisions of the compact.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. McFARLANE. Is this resolution sufficiently strong to take care of the waste of the natural gas in the Panhandle of Texas?

Mr. PETTENGILL. Of course, that is a matter that is entirely subject to the local jurisdiction of the State of Texas, but it will encourage Texas to do that if other States will also join in doing it.

Mr. McFARLANE. That is what I had in mind.

Mr. PETTENGILL. It is rather difficult for a State to find any reason for conserving its natural gas and losing the national market, if another State is flooding the market with its own gas.

Mr. McFARLANE. Does the gentleman think that any kind of a compact entered into between States is absolute protection?

Mr. PETTENGILL. The gentleman knows the Texas situation better than I do. I understand the Texas Legislature has passed a very strict and conservative act.

Mr. FERGUSON. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. FERGUSON. Does the gentleman think it good reasoning to prorate the oil fields without, at the same time, regulating the importation of oil and cutting down the oil that may come in from foreign countries?

Mr. PETTENGILL. The legislation with reference to the importation of oil remains on the statute books. There is nothing in this bill to disturb that.

The SPEAKER. The question is on the passage of the resolution.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the resolution was passed.

A motion to reconsider was laid on the table.

THE UTILITY BILL

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

Mr. RAYBURN. Mr. Speaker and Members of the House, I hoped to have the conference report on the utility bill before this time. There is a print of the Government Printing Office available now. It is not correct copy in all its details. The delay is in the proofreading, but I hope that it will be here by half past 2. Gentlemen can get this print, which is in the main correct, but has not been proofread.

AMENDING INDEPENDENT OFFICES APPROPRIATION ACT OF 1934

Mr. BLAND. Mr. Speaker, I move to suspend the rules and pass Senate Joint Resolution 175.

The Clerk read the Senate joint resolution, as follows:

Senate Joint Resolution 175

Resolved, etc., That section 5 of the Independent Offices Appropriation Act, 1934, as amended, be amended by striking out "October 31, 1935," and inserting in lieu thereof "March 31, 1936": *Provided*, That the right of the United States to annul any fraudulent or illegal contract or to institute suit to recover sums paid thereon is in no manner affected by this joint resolution.

The SPEAKER. Is a second demanded?

Mr. LEHLBACH. Mr. Speaker, I demand a second.

Mr. WEARIN. Mr. Speaker, I demand a second.

The SPEAKER Is the gentleman from New Jersey opposed to the bill?

Mr. LEHLBACH. I am not.

The SPEAKER. Is the gentleman from Iowa opposed to the bill?

Mr. WEARIN. I am.

The SPEAKER. The Chair recognizes the gentleman from Iowa to demand a second.

Mr. BLAND. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. MILLARD. Mr. Speaker, I raise the point that there is no quorum present.

The SPEAKER. The gentleman from New York makes the point of order that no quorum is present. Evidently there is no quorum present.

The doors were closed, the Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 196]

Allen	Dunn, Miss.	Kennedy, N.Y.	Peyser
Andrew, Mass.	Eaton	Kerr	Reece
Arends	Eicher	Kimball	Robertson
Bacharach	Fernandez	Kleberg	Robsion, Ky.
Bankhead	Fish	Kniffin	Rogers, N.H.
Beam	Frey	Kramer	Romjue
Bell	Fulmer	Kvale	Rudd
Biermann	Gambrill	Lamneck	Russell
Blanton	Gasque	Lord	Sadowski
Brewster	Gassaway	Lucas	Schneider
Buckbee	Gifford	Lundeen	Shannon
Bulwinkle	Gilchrist	McAndrews	Smith, Wash.
Burch	Gillette	McCormack	Smith, W.Va.
Carter	Goodwin	McGroarty	Snyder
Casey	Greenway	McLeod	Sullivan
Claiborne	Haines	McMillan	Sutphin
Clark, Idaho	Hamlin	Maas	Thurston
Clark, N.C.	Healey	Miller	Tobey
Cochran	Hennings	Mitchell, Ill.	Treadway
Collins	Higgins, Mass.	Montague	Underwood
Corning	Hill, Knute	Norton	Wallgren
Crawford	Hobbs	O'Brien	Walter
Darden	Hoffman	Oliver	White
DeRouen	Hollister	O'Malley	Wilcox
Dietrich	Hook	Parks	Wilson, La.
Dirksen	Johnson, W.Va.	Patton	Wood
Dockweiler	Keller	Perkins	Zimmerman
Driver			

The SPEAKER pro tempore (Mr. BOLAND). Three hundred and twenty-one Members have answered to their names, a quorum.

Mr. BLAND. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER pro tempore. The gentleman from Virginia is recognized for 20 minutes.

Mr. BLAND. Mr. Speaker, I yield myself 5 minutes. This is a matter of supreme importance to the North, the South, the East, and the West. It is a question of whether chaos shall exist in the American merchant marine by reason of the expiration on October 31 of the power of the President to cancel ocean mail contracts. It will be remembered that in the independent offices appropriation bill of 1934, the President, after hearings were had, was given authority to modify or cancel ocean mail contracts whenever it appeared to him that the full performance of the contract was not required in the public interest and that modification or cancelation would result in substantial savings to the United

States. Hearings were finished about the 1st of January, and later the Post Office Department made its report. The time for cancelation or modification was later extended from April 30 to October 31. In March the President sent a message to the Congress emphasizing the need for—shall I call it a shipping equalization fund, if subsidy sounds too bad to Members of the House, or, possibly, a processing tax? That message was referred to the House committee. That committee for 3 months proceeded earnestly and diligently to work out a policy, which it submitted to this House. The bill was passed. Since that time no bill has passed the Senate, through no fault of the Senate Commerce Committee. We find ourselves faced with a condition and not a theory. We are faced with a situation where, if these contracts are cut off on October 31, there will be nothing to offer instead, and our vessels must lower their flags. Some of the lines are now in receivership. Termination of these contracts will mean that the people of the East, West, North, and South cannot get the service they have been receiving in the past and are receiving now. It will mean that our connections made by these shipping interests will be broken. Our people will turn to foreign ships, and foreign companies will drive American companies out of business. The President would be embarrassed.

The SPEAKER pro tempore. The time of the gentleman from Virginia has expired.

Mr. WEARIN. Mr. Speaker, I yield 10 minutes to the gentleman from Maine [Mr. MORAN].

Mr. MORAN. Mr. Speaker, I ask unanimous consent that section 5 of the 1934 Independent Offices Appropriation Act, referred to and proposed to be extended by the Senate Joint Resolution 175 now under consideration, be incorporated in my remarks at this point. It will make the debate more intelligible.

The SPEAKER pro tempore. Is there objection?

There was no objection.

(The matter referred to is as follows:)

SEC. 5. Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby, upon giving 60 days' notice and opportunity for public hearing to the parties to such contract, authorized, in his discretion, on or before April 30, 1936, to modify or cancel such contract. Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation entitled to receive the same, such individual, firm, or corporation shall be entitled to receive such portion thereof as the President shall determine and shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancelation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract. Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation.

Mr. MORAN. Section 5 has been briefly referred to by the gentleman from Virginia [Mr. BLAND]. It grants discretionary power to the President to cancel these particular ocean mail contracts under the conditions specified in that section, such as, for example, 60 days' notice, opportunity for public hearing, substantial saving to the United States, and full performance of the contract not required in the public interest. That power was granted up to April 30, 1935. Subsequent to that, it was extended from April 30, 1935, to October 31, 1935; and the resolution now before us proposes to extend that permission still further, from October 31, 1935, to April 30, 1936. The question, therefore, before the House, is whether that discretionary power to cancel those contracts, which has been in effect all of that time should, in the public interest, be continued.

Let me briefly refer to some of the events which have occurred in the way of ship-subsidy legislation in this particular session of Congress. The President on March 4 of this year sent a message to Congress and I shall quote therefrom one sentence:

In setting up adequate provisions for subsidies for American shipping, Congress should provide for the termination of existing ocean-mail contracts as rapidly as possible, and it should terminate the practice of lending Government money for shipbuilding.

It will be noticed that even though the President then had the authority, and has had the authority for a long time, nevertheless he suggested in that message of March 4 of this year that Congress should provide for the termination of these contracts. At the present time roughly $100,000,000 has been paid out, and $200,000,000 remains to be paid out. Those figures are not exactly right. The exact figures are $110,000,000 paid out and $188,000,000 to be paid out. In other words, the continuation of those contracts to their respective expiration dates will cost nearly $200,000,000 more.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. MORAN. Yes.

Mr. JOHNSON of Oklahoma. Is it not true that a great many if not a majority of these contracts are fraudulent?

Mr. MORAN. Let me answer that in two ways. In the first place, we have the fact that a committee of the other body created to investigate these contracts, and which has already made its report, stated its opinion on the basis of evidence presented to it, that those contracts are fraudulent and should be canceled. Second, we have an official report from the Post Office Department, the Postmaster General having been commissioned to investigate these contracts—at which investigation these ocean mail contract holders had opportunity to be heard at length, and to be represented by counsel, and testimony to the extent of 40,000 words was taken, and it is all printed (parts 1, 2, and 3 of the Postmaster General's Report) and in that report the Postmaster General reported to the President that in his opinion all those contracts should be canceled, and that they were fraudulently obtained.

Mr. McFARLANE. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. McFARLANE. As I remember the report of the Postmaster General, it held, in substance, that 42 of the 43 contracts were secured through fraud and should be canceled.

Mr. MORAN. Fraud and collusion.

Mr. McFARLANE. Fraud and collusion.

Mr. MORAN. And without competitive bidding, as required by law.

Mr. MAVERICK. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. MAVERICK. Will any harm be done if this bill is defeated?

Mr. McFARLANE. It will save about $200,000,000.

Mr. MORAN. If this resolution is continued, to my mind, it is saying that, as far as Congress is concerned, these contracts should, in spite of all the information that has been brought before us, be continued and that we should ignore that information and go ahead on that basis. To my mind, instead of rendering that verdict, it is far better to express our condemnation of these contracts.

This is the main reason: I believe that the first time we will get a real merchant marine is when the people who are engaged in merchant marine have a real incentive for changing the status quo. They like the present conditions. While this is going on, $30,000,000 a year is rolling into their coffers. Bill after bill has been presented to this Congress. We remember the argument made on the floor of this House on the Bland ship-subsidy bill that passed by only 8 votes. You will remember we were given the impression—I do not mean intentionally, because I think it was a mistake—that that bill which this House passed was supported by the President. What was the result? It was made known within 24 hours after that bill passed this House that the President did not favor that bill, and the bill was buried in the Senate and is deader than a doornail right now and never can be passed.

Mr. RICH. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. RICH. Will they attempt to determine whether those contracts are illegal and fraudulent by a court proceeding or in some way that will give the one to have these contracts a legal hearing?

Mr. MORAN. I think the gentleman is proceeding on the wrong premise, that the effect of a vote "no" would be to cancel these contracts. That is not true.

Mr. RICH. I am interested in saving $190,000,000. I do not want to do what Mr. Farley did when he canceled the contracts and then would not give the people who had those contracts a legal opportunity to defend themselves.

Mr. MORAN. I want a real merchant-marine bill to come before this House. We have a Committee on Merchant Marine and Fisheries. I want a bill to come before that committee that is a real bill, in the public interest, that does not continue the system we now have. I do not think we will ever have a merchant-marine bill in the interest of the public as long as these people are permitted to continue the status quo. The reason for that is this: Bill after bill has been introduced. I have examined every one of them. There were not so many in the House but there a great many in the Senate. They were introduced 2 days apart; one bill and then another bill and then another bill. This multiplicity of bills has confused the issue, which was probably the object sought thereby.

On June 27 last the House of Representatives passed a ship-subsidy bill (H. R. 8555), by a margin of only 8 votes, after a 2-day legislative battle. The Members of the House will recall that the opposition to the bill was conducted by the distinguished and very able gentleman from Iowa [Mr. WEARIN] and by me, our opposition consisting principally of the presentation of many amendments which we felt necessary to protect the public interest. Since that vote more than enough Members to have changed the result have assured me that if they had heard the debate, or if they had not been mistaken in believing it was an administration bill, that they would have voted against it. In my opinion, the passage of that bill was a disgrace to the House of Representatives; such an act was due only to the fact that many Members did not have the time to familiarize themselves with the bill.

I am informed on good authority that promptly after the House passed the bill the President expressed his opposition to it in that form, which has caused the Senate Committee on Commerce to rewrite the bill extensively. Feeling it will be valuable information to the House, and that it should be made a part of the RECORD to detail some of those changes, the following data is presented under the convenient headings of:

First. Amendments defeated by House but accepted by Senate Committee on Commerce.

Second. Amendments adopted by House but not accepted by Senate committee.

Third. Evils in bill as reported by Senate committee.

I. AMENDMENTS DEFEATED IN HOUSE BUT ACCEPTED BY SENATE COMMITTEE

It is presumably a source of gratification to my colleague, Mr. WEARIN, as it is to me, that nine amendments offered by us on the floor of the House, which the House defeated, were considered so meritorious by the Senate committee that they are included in the bill as reported by the Senate committee. They are as follows:

First. Elimination of the regional requirement in appointment of members of proposed new Maritime Authority.

Second. The requirement that no member of the Authority shall have been in employment of, or have held any relation to any carrier by water or cognate enterprise, within the 3 years immediately preceding appointment.

Third. Cancel the present ocean mail contracts.

Fourth. Abolish the construction-loan fund.

Fifth. Recapture of excessive ship builders' profits (sec. 505b2).

Sixth. Recapture of excessive ship operators' profits.

Seventh. Transfer of regulatory powers to Interstate Commerce Commission.

Eighth. Remove certain authorities from Department of Commerce.

Ninth. Elimination of the famous "Treasury penetration", section 1109.

The fact that these nine major changes, after being voted down by the House, are incorporated in the Senate bill, should serve to put the House on guard when merchant marine legislation again comes before the House for action.

II. AMENDMENTS ADOPTED BY HOUSE BUT NOT ACCEPTED BY COMMITTEE

The fact that the House, though in no mood to adopt amendments, did adopt two important ones which are not included in the Senate bill, shows that the House must have been convinced of their desirability; the Senate bill should be amended accordingly. They are:

First. Provision for minimum wages and manning scales—the so-called "Labor amendment", to be discussed later.

Second. Provision that the insurance and reinsurance should be placed either in American private insurance companies or in the existing American insurance fund, and not in foreign insurance companies. Reference to the CONGRESSIONAL RECORD debate on this amendment will show reasons for its necessity.

Third. Prohibition of receipt of gratuities by members of the authority and other officials.

III. EVILS IN PRESENT BILL H. R. — AS REPORTED BY SENATE COMMITTEE

Even though the bill as reported by the Senate committee is improved by the adoption of the nine changes proposed to, but defeated by the House, it is still highly objectionable for the following reasons:

First. Under section 201, the term of members of the Authority is changed to 12 years—much too long.

Second. Under section 402 (a), Uncle Sam is still to be made a junk dealer; the taxpayers through their Government must buy and scrap old ships, whereas the scrapping should be done by the shipowner at his own expense as in England. The United States buys at "fair value" and scraps for junk value, entailing a great loss.

Third. Under section 502 (b), the construction-differential subsidy can still be 40 percent of the American cost of the vessel—$400,000 on a $1,000,000 ship—and the applicant has to pay a down payment of only 25 percent of the foreign cost—$150,000 on a ship which costs $600,000 to build abroad, or $1,000,000 to build in America. These terms, combined with the trade-in value of an obsolete ship, as allowed by section 402 (a), means it is entirely possible for a citizen to obtain a million-dollar ship for no down payment whatever, or at most, a down payment of $150,000. Even under the present law the down payment on a million-dollar ship is $250,000—25 percent of American cost.

Fourth. Section 503 (a) is ambiguous, but reads like the famous "nigger in the woodpile" which past experience has taught us to expect in a ship-subsidy bill. As I read this section, conditions are set up which conveniently fit the circumstances of most shipowners, and then provide new ships for no down payment whatever, the terms being 15 equal annual installments. If an obsolete ship can be turned in under this arrangement, and I see no reason why not, apparently the Government would owe money to a shipowner who is kind enough to accept, without any down payment whatever, a ship costing the American taxpayers a million dollars—or even more, there is no limit. Also, under this section, there seems to be nothing to prevent the operation under charter of any foreign flag vessel—a citizen merely needs to acquire any old junk—no limitation as to how long he has been operating. For example, take a ship costing $1,000,000 to build in a domestic yard; on the claim that it would cost only $600,000 to build abroad, the applicant would, under the 15-annual-installments provision, pay only one-fifteenth of $600,000, or $40,000 yearly; he would put up himself only 6⅔ percent of the foreign cost, or only 4 percent of the American cost. If a ship were traded in at a "fair price" of $100,000 in this case, it would be 2½ years before the applicant had to pay anything on his installment contract to pay $40,000 annually. The fact that such a barefaced, brazen raid on the Treasury is attempted, is ample evidence of impossibility of private operation; the operators simply do not have the money, or cannot, or will not, provide

it. Would anyone contend that 96 percent Government ownership is private enterprise, and 100 percent Government ownership bolshevistic?

Fifth. In computing recapture of shipbuilders' profits, salaries of $25,000, apparently per person, and without limit as to number of persons, may be deducted. If that is the correct interpretation, it will be the shipbuilders, and not the Government, who will do the "recapturing." If that interpretation is not correct, the section should be amended to make the language clear.

Sixth. Under section 522 (a), 20-year contracts are still permissible, entirely too long a period.

Seventh. The construction differential subsidy is still based on difference between foreign and domestic construction costs, a figure impossible of accurate ascertainment.

Eighth. The operating-differential subsidy is still based on difference between foreign and domestic operating costs, impossible of accurate computation.

Ninth. Under section 522 (f), it is still possible to pay an operating subsidy on ships over 20 years of age; we will never get a merchant marine that way, as we need new, up-to-date ships that can compete.

Tenth. Under section 522 (g), we find a cleverly worded sentence which purports to eliminate subsidies to industrial carriers (concerns which carry their own products extensively), but as a matter of fact would probably not eliminate a single industrial carrier, due to the sly requirement of 50 percent of whole cargo carried "both inbound and outbound." To accomplish the proper result, change the word "both" to "either".

Eleventh. Under section 524 (b), (d), (e), and (f), the Government's right to readjust overpayments is hedged around by requirements which will cause extensive and prolonged litigation, but under section 525 (b) the owner receiving a subsidy can "slide out from under" by merely deciding himself that he wants to quit and giving 120 days notice of such intention. There should be developed some fair terms for cancelation, available to the operator and the Government alike on same terms, to be fair to the taxpayers.

Twelfth. Under section 530 (c), the term "true investment" is introduced, and it is most ambiguous. It is so impossible of ascertainment that it should never be used. To have the Government's right of recapture depend upon such a term will mean endless litigation instead of recapture of profits for Uncle Sam. This clause appears designed to admit that recapture of excessive profits is a necessary corollary of any subsidy system, but then proceeds to nullify it.

Thirteenth. Under section 533 (a), paragraph 1, the accounting protection is again, as in the Bland bill, limited by the words "relating to", which will enable concealment of pertinent information; the insistence on retaining these qualifying words leads to the conclusion that such is the purpose.

Fourteenth. Under section 535 (a), the word "competitive" will cause endless trouble and controversy. If capable of exact definition, it should be clearly defined in the act; otherwise it should be eliminated. Its retention means possibility of expenditure of taxpayers' money for lines which are in fact competing, but which, under the wording of the act, could be construed as not competing.

Fifteenth. Under section 536, as in the Bland bill, corporate surety is not required. The actual experience with personal surety should demand that the act be so worded as to require corporate surety, instead of making any type of surety discretionary with the Authority.

Sixteenth. Under section 702 (b), a useless organization known as the "Joint Transportation Board" is still provided. An aggressive Authority could easily assume the duties this Board is asked to perform.

Seventeenth. Section 804 of the Bland bill is eliminated from the Senate bill—this was the labor amendment adopted by the House. Although the difference in wages is held up as the major cause of the necessity for an operating subsidy, the "shipping boys" evidently object to a definite provision to provide that such difference, duly paid for by the taxpayers, shall actually go to the American seamen. Minimum wage and manning scale provisions are essential if seamen are to be raised from the slave status.

Eighteenth. Section 1101 reminds us that there is still no limit to the cost of this bill; no one can even approximately guess the burden to be placed on the American taxpayers.

Nineteenth. Under section 702 (b) we find the phrase "fair actual value" in connection with the terms of requisition of vessels in time of war. Why not at least provide that the Government will not have to pay more for a ship taken over in time of emergency than the Government received for that same ship when it was sold? There is a lot of complicated verbiage here which may cost the taxpayers dear in time of war.

Twentieth. Under section 1105, deferred rebates are legalized. Here is where the "little fellow" will suffer; he will not be the one who will receive these rebates.

CONCLUSION

The fact that the "shipping boys" merely throw one bad bill after another at this Congress leads to only one conclusion, and that is that they hope one of them will get by in the hasty consideration of legislation in the closing days, but in event that does not materialize they have the present status, which is not at all bad for them, as evidenced by the Black Senate Committee disclosures. Right now they are milking the Treasury of nearly $30,000,000 annually, and are using part of that very money to pay for a lobby to get more money from the American taxpayer.

The following constructive program is submitted to the American Congress, based upon the facts that (1) we must have a merchant marine, and (2) private interests cannot, or will not, provide such merchant marine as we need except upon a "steal" basis:

First, pass a resolution at this session of Congress which (a) cancels the existing ocean mail contracts as of some definite future date, as, for example, March 31, 1936, and (b) authorize the President to create a Maritime Authority or Commission to study the problem and present definite recommendations for legislation to Congress on the opening day of the next session; and second, Members of Congress could study H. R. 7981 during the recess, a bill presented by me which in my opinion will actually provide an American merchant marine.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. FITZPATRICK. Does the gentleman believe that our merchant marine could compete with other countries without a subsidy?

Mr. MORAN. I believe it is entirely possible to develop a system of financial aid to our merchant marine.

Mr. FITZPATRICK. In what way?

Mr. MORAN. I want to restrict my remarks to this resolution. I refer the gentleman to H. R. 7981, a 60-page bill that I introduced, which gives my views on that subject.

Mr. FITZPATRICK. That would be Government-operated steamships?

Mr. MORAN. No; it does not provide for Government operation, contrary to the statements made on the floor many times.

Mr. CONNERY. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. CONNERY. Suppose we vote for this resolution, does it give the President the power to cancel these contracts?

Mr. MORAN. The President now has discretionary power to cancel these contracts.

Mr. CONNERY. Suppose we vote down the resolution, would that take that power away from him?

Mr. MORAN. If you vote down the present resolution, to my mind, you have created a psychological condition whereby this House says that we should not continue the present status quo system—pushing on and on the present system.

Mr. CONNERY. Suppose we vote it down and the President did not cancel them, what happens then?

Mr. MORAN. The contracts continue until Congress enacts necessary legislation to change the present situation.

Mr. McFARLANE. Will the gentleman yield there?

Mr. MORAN. I yield.

Mr. McFARLANE. If we do vote it down it will be the same as writing a letter to the President and letting him know that we think he ought to cancel them now?

Mr. MORAN. I will say I think the gentleman is exactly correct. [Applause.]

[Here the gavel fell.]

Mr. BLAND. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, there is not the slightest suggestion of partisan politics involved in this resolution. It is merely a simple question of policy which, when understood, permits of but one sensible answer. In the first place, the question of whether or not any of these contracts or all of these contracts were fraudulently initiated has nothing whatsoever to do with the question. If those contracts are fraudulent they are subject to cancelation because they are void ab initio, without any legislation, without any delegation of power to the President at all. But lest there be any question as to the right of canceling a fraudulent contract, this resolution, notwithstanding the President's discretion, over these ocean mail contracts, contains this proviso:

Provided, That the right of the United States to annul any fraudulent or illegal contract or to institute suit to recover sums paid thereon is in no manner affected by this joint resolution.

So you are not taking any right away from the Government of the United States to cancel a contract and recover whatever was received from the Government by reason of the fraud. The question is simply this: The President requested the right to deal, in his discretion, with these ocean mail contracts; to modify them, to cancel them, or to take any action with respect thereto which commended itself to him as conducive to the best interests of the United States.

The idea of the President, as stated in his message at the beginning of this session of Congress, was that some merchant marine bill extending Government aid on an equitable basis and eliminating opportunity for fraud or overreaching should be passed; that these ocean mail contracts, if they were valid, should be on equitable terms merged in the provisions of the proposed merchant marine bill. It is obvious that at this session no merchant marine bill can be passed. It is utterly idle to discuss the merits of the various merchant marine bills that have been under consideration.

The question now is, Shall the President continue to have in his control these contracts, to exercise his discretion with respect thereto, or shall this House deny to the President further right to deal with this question and force him against his will on the 31st of October either to cancel these contracts or to lose his right over the cancelation of them?

[Here the gavel fell.]

Mr. BLAND. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey.

Mr. LEHLBACH. In this respect I, as a minority representative on the Committee on the Merchant Marine and Fisheries, am perfectly willing to trust the President with the further exercise of this discretion; and I have not heard from anyone opposing this resolution any valid reason why this discretion should now be withdrawn from the President and he be denied this right to keep the matter within his control.

If this resolution is not passed, he must either cancel the contracts before the 31st of October or lose his right to deal with them. If he cancels the contracts, in the absence of anything to substitute for them, every pound of mail emanating from the United States for an overseas destination anywhere in the world will be carried by foreign ships. The American flag will cease to fly on the high seas carrying American commerce to the ports of the world. Do not fool yourselves; this will be the result of such cancelation. The President knows it and he does not want to be forced to do it. If he cancels, our fleets are laid up, and it will initiate 45 of the most bitterly contested lawsuits in the courts of the United States. If, with this condition staring him in the face, he fails to exercise his option and cancels on or before the 31st of October, he will have taken from him his right to deal with and to control these contractors.

For what reason in the name of heaven do you want to deprive the President of the right to protect the interests of this country with respect to ocean mail contracts, which right you have heretofore given him? Why are you willing to deprive him of that right? I want to ask you why on earth at the eleventh hour of this session you show such utter lack of confidence in your Chief Executive?

Mr. FITZPATRICK. Will the gentleman yield that I may answer the question?

Mr. LEHLBACH. Yes.

Mr. FITZPATRICK. So as to help the foreign shipping companies get control of the seas. That would be the only reason for the cancelation of these contracts.

Mr. LEHLBACH. And it is inconceivable that anyone who wants to see the American flag on the high seas should be against this resolution.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. JOHNSON of Oklahoma. Is it not true that the Post Office Department, in an official report to the President of the United States, said that 44 of these contracts were fraudulent?

Mr. LEHLBACH. I do not know; but if they said so, and anybody believes it, these contracts are cancelable without this resolution at all, because they are void ab initio.

Mr. SUMNERS of Texas. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. SUMNERS of Texas. If this resolution is passed, the President would, in effect, have the privilege of making new contracts which would not be fraudulent.

Mr. LEHLBACH. Surely. He can modify existing contracts.

Mr. SUMNERS of Texas. So the House will get this clear, what we have got to do is to appreciate the fact that some contract has got to be made, and the President must be empowered to make contracts free of fraud. Is that what is sought?

Mr. LEHLBACH. Surely. This is the situation: The President now has within his control these contracts and the activities that are carried on under them.

Mr. SUMNERS of Texas. But only to cancel; is not that so?

Mr. LEHLBACH. Unless this resolution is adopted, after the 31st of October he loses control of the situation. That is all there is involved in the resolution.

Mr. WEARIN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, there seems to be some little confusion here as to just what this resolution does and what will happen if it does pass or if it does not pass.

The situation is simply this: The President has the authority up until the 31st of October 1935 to cancel the mail contracts if he so desires. This resolution extends the time under which he may cancel these contracts to March 31, 1936.

But, let us analyze what is supposed to be the situation if this resolution does not pass. I would have the House remember that there is not going to be the chaotic condition that has been portrayed to the extent of destroying the American merchant marine and the removal of the American flag from the high seas. We have not witnessed any development of that institution under existing subsidy legislation. The President would have the authority to cancel these contracts if he wanted to up until October 31. That should be ample time. If he does not cancel them before October 31 of this year they can continue under existing law without this resolution. If they do continue under existing law, and he does not cancel them, they can be canceled by the Department of Justice or the proper authorities because of fraud in the negotiation of the contracts on the part of the authorities in the Post Office Department during the previous administration and the shipping companies.

That is the situation. The statement that the American merchant marine will be removed from the high seas if this resolution does not pass is idle talk. The President of the United States, in my judgment, should not have the buck passed to him by this House to the extent of urging him to cancel these contracts and assume the responsibility for the ballyhoo that was perpetrated upon the American people when these mail contracts were canceled in a justifiable manner. I want you to recall this fact in connection with the legislation and the cancelation of these contracts. In placing this responsibility on the shoulders of the President he is being compelled to assume it after he has expressed to the Congress his desire that we provide a method of terminating these contracts. In another legislative body a resolution was offered yesterday for the termination of them on March 31, 1936. If that had been adopted, it would have been acceptable, because in that length of time we should have had ample opportunity to draft the necessary legislation for the preservation of the merchant marine; but the shipping interests did not want that to pass. Oh, no. Then they would be forced to agree to some kind of bill—I hope a decent one—before that date. They wanted and have come in here with the same kind of a request they came in here with before. They want the President to assume the responsibility for the cancelation of these contracts. That is what they wanted to do. By so doing they place the responsibility upon his shoulders in place of on the Congress of the United States, as the President should prefer, if he wants to protect himself and his administration from the slime that shipowners with fraudulent contracts would drag him into.

If they do not get a measure that offers enough openings for graft they will come back in here again prior to March 31, 1936, and ask you to extend the time during which the President can cancel their contracts when it is the duty of the Congress to perform that act now that fraud has been discovered in their dealings with the Government. When this legislation was considered by the Congress during this session, it was represented to this body that the President desired the particular legislation offered, but we found after its enactment in the very next day or two that he did not desire some of the unfortunate features that were incorporated in the bill. We have no assurance now that he prefers the pending resolution to one that would set a specific date for cancelation sometime following the convening of the next session of Congress. Only a short time ago a measure incorporating the necessary safeguards for the American public was introduced to keep these people who had taken hundreds of millions of dollars out of the Treasury and who have brought back to our public not a sign of an adequate merchant marine in return for their raids on the taxpayers' money. The shipping interests did not like that bill. They wanted the Congress to enact a provision with plenty of loopholes so they could crawl into a few more millions, loopholes that we endeavored to plug when the Copeland-Bland bill was before the House and were defeated in it. This town was filled with their representatives, including Ira H. Campbell, who represents the American mercantile marine and the other associates of that group who have been instrumental in urging the passage of legislation that would permit them to take from the American public an additional consignment of tax money when they have already broken faith with the American public in addition to pillaging our merchant marine.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. Is it not true that one company started with $500 in capital and made profits totaling $4,640,204.42?

Mr. WEARIN. That is correct, and that is only one of the minor offenses that the Post Office Department brought out in its investigation and which another legislative body brought out in its investigation. That money had been taken out of the Treasury of the United States without the necessary American merchant marine being built. People are talking about the American flag being driven from the seas. We have scarcely more than the flag left at the end of a period of disgraceful performances under the 1928 act.

Mr. McFARLANE. Will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Texas.

Mr. McFARLANE. If the merchant marine ship lobby that is back of this resolution prevails and this resolution is adopted, how much will it cost the American taxpayers?

Mr. WEARIN. It is apt to cost them another $188,000,000, if not more.

Mr. MORAN. Will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Maine.

Mr. MORAN. Speaking about removing the American merchant marine from the sea, is it not being so practically and so effectively eliminated now that that was the reason for the Bland ship subsidy bill and that the only thing being removed was $300,000,000 from the Treasury for a proposition that does not provide for a merchant marine at all?

Mr. WEARIN. Yes.

Mr. Speaker, I want to remind the House that this resolution is not necessary to the preservation of the American merchant marine and it should be defeated. A resolution ought to be introduced in this House to provide a definite date not later than March 31, 1936, for the cancelation of these mail contracts that have been proved to be fraudulent by investigations under oath and by admissions of the men who have promoted the scandal in this country. They ought to be canceled on the basis of the fraud which has been disclosed in the investigations I have referred to.

If we pass this resolution today, which we should not do, it will, in effect, clothe this whole scandal that has been common talk throughout the land for months with the cloak of legality, and ask the President to assume the responsibility to cancel the contracts. For the reasons indicated, this resolution should be defeated in the United States Congress today and the country advised as a result of it that the Congress does not subscribe to the kind of practices that have been prevalent among shipping interests benefiting from subsidies under the 1928 act. Then we will come back at the next session of Congress knowing that we must pass some legislation of a constructive nature at the earliest possible moment.

Mr. HOUSTON. Will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Kansas.

Mr. HOUSTON. Did I understand the gentleman to say that he did not want this bill defeated?

Mr. WEARIN. Oh, no; I made the statement that this resolution should fail. It should be defeated decisively.

Mr. McFARLANE. We should defeat this resolution. As I understand it, under the rules of the House this resolution is not subject to amendment. Therefore, it should be voted down.

Mr. WEARIN. Exactly. This resolution was brought up without being sent to the Committee on Merchant Marine. It is being brought up on the last day of the session of Congress under suspension of the rules, so that it will be impossible to offer amendments in order to take care of the various situations which I have described.

Mr. MORAN. Will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Maine.

Mr. MORAN. Is it not true that an attempt was made to get a real ship subsidy bill through this Congress, the bill being presented to the Department of Commerce and presented also to the Post Office Department, and a plan worked out that resulted in a pretty fair bill, apparently, which was actually introduced into the Senate Committee on Interstate Commerce and 2 days later the bill was thrown in the wastebasket and a worse bill introduced.

Mr. WEARIN. That is exactly the situation.

Mr. DONDERO. Will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Michigan.

Mr. DONDERO. Has the President expressed himself one way or the other on this matter?

Mr. WEARIN. Not to anyone's knowledge, as far as this resolution is concerned. He has indicated that the Congress should provide a method for terminating existing ocean mail contracts and that does not mean an extension

of time during which he will be compelled to cancel them in order to stop the racket as far as I am concerned. We have an opportunity here to hasten the procedure of throwing the ship subsidy racketeers—I use this term in a complimentary way—out of the Treasury in return for the manner in which they have raided it without delivering the merchant marine they pledged us in 1928.

[Here the gavel fell.]

Mr. BLAND. Mr. Speaker, let us understand that the President now has the power to modify or cancel ocean mail contracts, and that he has had this power since the passage of the Independent Offices Appropriation Act, 1934. If you do not pass this resolution the present power expires on October 31. If you do not pass this resolution you are taking this power out of the President's hands after October 31, 1935.

If fraud existed or if the best interest of the country demanded that the President should cancel the contracts in the interest of the country, do you not believe the President would have canceled them? If you do not pass this resolution, are you not saying to the President of the United States, "We have no longer sufficient confidence in your judgment to leave this matter in your hands. We trust you no longer. The power given you must end on October 31, and you must make your election at that time."

The resolution which is before you extends the present power in the President, and then provides—

> That the right of the United States to annul any fraudulent or illegal contract or to institute suit to recover sums paid thereon is in no manner affected by this joint resolution.

The resolution comes up today because it was only passed in the Senate yesterday. Senator BLACK undertook to pass an amendment to this resolution whereby the termination of the contracts should be on March 31 next. This amendment was defeated. The vote on the passage of the resolution here was—yeas 45, noes 20.

Let me present to you the statements of a man who probably knows as much about these conditions as any man in the United States, Senator BLACK, of Alabama:

> Mr. TYDINGS. I suppose the reason why the President has not acted heretofore is that rather than throw the whole thing out of line he wanted some new legislation?
>
> Mr. BLACK. The Senator is correct.
>
> Mr. TYDINGS. So that, even though the things were irregular in some respects, it would have been a serious blow to our merchant marine to have canceled them overnight?
>
> Mr. BLACK. The Senator is correct.
>
> Mr. TYDINGS. Until he could find some other method of arranging the situation, the President did not want to act?
>
> Mr. BLACK. The Senator is correct.

Then Senator BLACK says about his resolution:

> I am not trying to throw this matter into a state of chaos.

Mr. MORAN. Mr. Speaker, I make the point of order that the present speaker is quoting from the Senate proceedings.

Mr. BLAND. For heaven's sake, has the Senate gotten to the place where its Senators cannot be quoted, and Senator BLACK, the great apostle of these gentlemen, cannot have his views presented for your consideration?

Mr. MORAN. Mr. Speaker, I ask for a ruling on the point of order.

Mr. O'CONNOR. Mr. Speaker, I understand the gentleman is reading from the CONGRESSIONAL RECORD.

Mr. BLAND. Yes.

Mr. O'CONNOR. And is not referring to a Senator in any disparaging manner.

Mr. BLAND. Not in the slightest—I am commending him.

Mr. MORAN. If the Speaker will refer to the discussion of the Bland bill upon the floor of the House, he will find that the same point of order was made against me—that is how I recall it—and the point of order was sustained.

The SPEAKER. The Chair reads from Jefferson's Manual, as follows:

> It is a breach of order in debate to notice what has been said on the same subject in the other House, or the particular votes or majorities on it there; because the opinion of each House should be left to its own independency, not to be influenced by the proceedings of the other; and the quoting them might beget reflections leading to a misunderstanding between the two Houses.

Mr. BLAND. I beg the Chair's pardon.

The SPEAKER. The Chair is of the opinion that the point of order is well taken. The gentleman from Virginia will proceed in order.

Mr. BLAND. The situation, Mr. Speaker, is that unless we continue these contracts, one of two things follows: Either the President will lose, after October 31, the right he has to modify or cancel, or he must modify or cancel these contracts and bring about chaos with nothing in place of the present situation.

I presume I may quote from the President's own message sent here in March, in which he asked that a subsidy bill be given him in order that he might be able to have something with which to trade, something to save the situation, something that would prevent the peril to the American merchant marine that you are bringing about now.

I submit that a vote against this resolution is a vote of no confidence in the President of the United States and his ability to work out these problems. I believe the matter should remain in his hands. He can cancel or modify now, he can cancel or modify in October, and if this is passed he can cancel or modify at any time up to March 30. As the gentleman from New Jersey has said, if fraud exists the contract is void ab initio, and no resolution of this kind is needed. Any lawyer in this House will confirm this statement.

I ask you to vote for this resolution. [Applause.]

The SPEAKER. The question is on the motion of the gentleman from Virginia to suspend the rules and pass the joint resolution.

The question was taken; and on a division (demanded by Mr. BLAND) there were—91 ayes and 61 noes.

Mr. BLAND. Mr. Speaker, I object to the vote on the ground that no quorum is present.

The SPEAKER. The Chair will count. [After counting.] One hundred and eighty-two Members are present, not a quorum.

The doors were closed, the Sergeant at Arms directed to notify absent Members, and the Clerk called the roll.

The question was taken; and there were—yeas 192, nays 126, not voting 112, as follows:

[Roll No. 197]

YEAS—192

Andresen	Crowther	Greenwood	Mead
Andrews, N. Y.	Culkin	Gwynne	Merritt, Conn.
Arnold	Cullen	Halleck	Merritt, N. Y.
Bacon	Daly	Hancock, N. Y.	Millard
Beiter	Darrow	Hancock, N. C.	Montet
Blackney	Delaney	Harlan	Mott
Bland	Dempsey	Harter	O'Connor
Bloom	Dickstein	Hartley	O'Leary
Boland	Dies	Healey	O'Neal
Bolton	Dingell	Hennings	Owen
Boykin	Ditter	Hess	Palmisano
Boylan	Dondero	Higgins, Conn.	Peterson, Fla.
Brooks	Doutrich	Hill, Ala.	Peterson, Ga.
Brown, Ga.	Doxey	Hill, Samuel B.	Pettengill
Brown, Mich.	Drewry	Hobbs	Pfeifer
Brunner	Driscoll	Hoeppel	Plumley
Buchanan	Driver	Holmes	Powers
Buckley, N. Y.	Duffy, N. Y.	Huddleston	Quinn
Burch	Eagle	Imhoff	Rabaut
Burnham	Eckert	Jenckes, Ind.	Ramspeck
Caldwell	Ekwall	Jenkins, Ohio	Ransley
Carmichael	Ellenbogen	Kahn	Rayburn
Cary	Engel	Kenney	Reed, Ill.
Casey	Englebright	Kinzer	Reed, N. Y.
Castellow	Evans	Knutson	Rich
Cavicchia	Farley	Kocialkowski	Richardson
Celler	Fenerty	Lanham	Risk
Chapman	Fiesinger	Lehlbach	Robinson, Utah
Christianson	Fitzpatrick	Lesinski	Rogers, Mass.
Church	Flannagan	Lewis, Colo.	Russell
Citron	Focht	Lloyd	Sanders, La.
Colden	Ford, Calif.	Lord	Sandlin
Cole, Md.	Gasque	McAndrews	Seger
Cole, N. Y.	Gavagan	McGrath	Shanley
Colmer	Gearhart	McLean	Short
Connery	Gildea	McReynolds	Sirovich
Cooper, Ohio	Goldsborough	Mahon	Sisson
Cox	Granfield	Maloney	Smith, Conn.
Crosby	Gray, Pa.	Mapes	Smith, Va.
Cross, Tex	Green	Marshall	Snell
Crowe	Greenway	Martin, Mass.	Somers, N. Y.

Spence	Thomas	Wadsworth	Wilcox
Starnes	Tinkham	Walter	Wilson, La.
Steagall	Tolan	Warren	Wilson, Pa.
Stewart	Tonry	Welch	Wolcott
Sumners, Tex.	Turpin	West	Wolfenden
Taber	Umstead	Whelchel	Wolverton
Thom	Vinson, Ga.	Wigglesworth	Woodruff

NAYS—126

Adair	Ford, Miss.	McSwain	Sanders, Tex.
Amlie	Fuller	Marcantonio	Sauthoff
Ashbrook	Gehrmann	Martin, Colo.	Schaefer
Ayers	Gingery	Mason	Schneider
Barden	Gray, Ind.	Massingale	Schuetz
Binderup	Greever	Maverick	Scott
Boileau	Gregory	May	Scrugham
Brennan	Griswold	Meeks	Sears
Buck	Guyer	Michener	Secrest
Buckler, Minn.	Hildebrandt	Miller	South
Burdick	Hope	Mitchell, Tenn.	Stack
Cannon, Wis	Houston	Monaghan	Stefan
Carlson	Hull	Moran	Tarver
Carpenter	Jacobsen	Moritz	Taylor, Colo.
Cartwright	Johnson, Okla.	Murdock	Taylor, S. C.
Coffee	Johnson, Tex.	Nichols	Taylor, Tenn.
Cooley	Johnson, W. Va.	O'Connell	Terry
Cooper, Tenn.	Jones	O'Day	Thomason
Costello	Kee	Parsons	Thompson
Cravens	Keller	Patman	Turner
Crosser, Ohio	Kloeb	Patterson	Utterback
Cummings	Kvale	Pearson	Vinson, Ky.
Deen	Larrabee	Pierce	Wallgren
Dobbins	Lea, Calif.	Pittenger	Wearin
Doughton	Lewis, Md.	Polk	White
Duffey, Ohio	Luckey	Ramsay	Whittington
Duncan	Ludlow	Randolph	Williams
Dunn, Pa.	McClellan	Rankin	Withrow
Edmiston	McFarlane	Richards	Wood
Faddis	McGehee	Ryan	Zioncheck
Ferguson	McKeough	Sabath	
Fletcher	McLaughlin	Sadowski	

NOT VOTING—112

Allen	Dirksen	Kerr	Perkins
Andrew, Mass.	Disney	Kimball	Peyser
Arends	Dockweiler	Kleberg	Reece
Bacharach	Dorsey	Kniffin	Reilly
Bankhead	Dunn, Miss.	Kopplemann	Robertson
Beam	Eaton	Kramer	Robsion, Ky.
Bell	Eicher	Lambertson	Rogers, N. H.
Berlin	Fernandez	Lambeth	Rogers, Okla.
Biermann	Fish	Lamneck	Romjue
Blanton	Frey	Lee, Okla.	Rudd
Boehne	Fulmer	Lemke	Schulte
Brewster	Gambrill	Lucas	Shannon
Buckbee	Gassaway	Lundeen	Smith, Wash.
Bulwinkle	Gifford	McCormack	Smith, W. Va.
Cannon, Mo.	Gilchrist	McGroarty	Snyder
Carter	Gillette	McLeod	Stubbs
Chandler	Goodwin	McMillan	Sullivan
Claiborne	Haines	Maas	Sutphin
Clark, Idaho	Hamlin	Mansfield	Sweeney
Clark, N. C.	Hart	Mitchell, Ill.	Thurston
Cochran	Higgins, Mass.	Montague	Tobey
Collins	Hill, Knute	Nelson	Treadway
Corning	Hoffman	Norton	Underwood
Crawford	Hollister	O'Brien	Weaver
Darden	Hook	Oliver	Werner
Dear	Kelly	O'Malley	Woodrum
DeRouen	Kennedy, Md.	Parks	Young
Dietrich	Kennedy, N. Y.	Patton	Zimmerman

So (two-thirds not having voted in favor thereof) the motion to suspend the rules was lost.

The following pairs were announced:

Additional general pairs:

Mr. Boehne with Mr. Blackney.
Mr. Kelly with Mr. Werner.
Mr. Beam with Mr. Disney.
Mr. Reilly with Mr. Cannon of Missouri.
Mr. Dorsey with Mr. Kopplemann.
Mr. Lambeth with Mr. Young.
Mr. Zimmerman with Mr. Dear.

The result of the vote was announced as above recorded.

The doors were opened.

EXTENSION OF REMARKS

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that my colleague [Mr. McCORMACK] may have leave to extend his remarks and include therein a letter and an address by Franklin Hobbs.

Mr. RICH. Reserving the right to object, who is Franklin Hobbs?

Mr. CONNERY. He is a good Republican and has always been a good Republican.

Mr. RICH. On what subject?

Mr. CONNERY. An analysis of the situation today and a very short speech of one page or a little more, and a letter written to Mr. McCORMACK.

Mr. RICH. He ought to be a good Republican, but I will have to object.

THE PUBLIC-UTILITY BILL

Mr. RAYBURN. Mr. Speaker, I call up a conference report on 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, and I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to 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, 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 disagreement to the amendment of the House, 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:

"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 in that, among other things, (1) their securities are widely marketed and distributed by means of the mails and instrumentalities of interstate commerce and are sold to a large number of investors in different States; (2) their service, sales, construction, and other contracts and arrangements are often made and performed by means of the mails and instrumentalities of interstate commerce; (3) their subsidiary public-utility companies often 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; (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) Upon the basis of facts disclosed by the reports of the Federal Trade Commission made pursuant to S. Res. 83 (Seventieth Congress, first session,) the reports of the Committee on Interstate and Foreign Commerce, House of Representatives, made pursuant to H. Res. 59 (Seventy-second Congress, first session) and H. J. Res. 572 (Seventy-second Congress, second session) and otherwise disclosed and ascertained, it is hereby declared that the national public interest, the interest of investors in the securities of holding companies and their subsidiary companies and affiliates, and the interest of consumers of electric energy and natural and manufactured gas, are or may be adversely affected—

"(1) when such investors cannot obtain the information necessary to appraise the financial position or earning power of the issuers, because of the absence of uniform standard accounts; when such securities are issued without the approval or consent of the States having jurisdiction over subsidiary public-utility companies; when such securities are issued upon the basis of fictitious or unsound asset values having no fair relation to the sums invested in or the earning capacity of the properties and upon the basis of paper profits from intercompany transactions, or in anticipation of excessive revenues from subsidiary public-utility companies; when such securities are issued by a subsidiary public-utility company under circumstances which subject such company to the burden of supporting an overcapitalized structure and tend to prevent voluntary rate reductions;

"(2) when subsidiary public-utility companies are subjected to excessive charges for services, construction work, equipment, and materials, or enter into transactions in which evils result from an absence of arm's-length bargaining or from restraint of free and independent competition; when service, management, construction, and other contracts involve the allocation of charges among subsidiary public-utility companies in different States so as to present problems of regulation which cannot be dealt with effectively by the States;

"(3) when control of subsidiary public-utility companies affects the accounting practices and rate, dividend, and other policies of such companies so as to complicate and obstruct State regulation of such companies, or when control of such companies is exerted through disproportionately small investment;

"(4) when the growth and extension of holding companies bears no relation to economy of management and operation or the integration and coordination of related operating properties; or

"(5) when in any other respect there is lack of economy of management and operation of public-utility companies or lack of efficiency and adequacy of service rendered by such companies, or lack of effective public regulation, or lack of economies in the raising of capital.

"(c) When abuses of the character above enumerated become persistent and widespread the holding company becomes an agency which, unless regulated, is injurious to investors, consumers, and the general public; and 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 enumerated in this section, connected with 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 detrimental to the proper functioning of such systems, and to provide as soon as practicable for the elimination of public-utility holding companies 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, or an organized group of persons, whether incorporated or not; or any receiver, trustee, or other liquidating agent of any of the foregoing in his capacity as such.

"(3) 'Electric utility company' means any company which owns or operates facilities used for the generation, transmission, or distribution of electric energy for sale, other than sale to tenants or employees of the company operating such facilities for their own use and not for resale. The Commission, upon application, shall by order declare a company operating any such facilities not to be an electric utility company if the Commission finds that (A) such company is primarily engaged in one or more businesses other than the business of an electric utility company, and by reason of the small amount of electric energy sold by such company it is not necessary in the public interest or for the protection of investors or consumers that such company be considered an electric utility company for the purposes of this title, or (B) such company is one operating within a single State, and substantially all of its outstanding securities are owned directly or indirectly by another company to which such operating company sells or furnishes electric energy which it generates; such other company uses and does not resell such electric energy, is engaged primarily in manufacturing (other than the manufacturing of electric energy or gas) and is not controlled by any other company; and by reason of the small amount of electric energy sold or furnished by such operating company to other persons it is not necessary in the public interest or for the protection of investors or consumers that it be considered an electric utility company for the purposes of this title. The filing of an application hereunder in good faith shall exempt such company (and the owner of the facilities operated by such company) from the application of this paragraph until the Commission has acted upon such application. As a condition to the entry of any such order, and as a part thereof, 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 business of the company as the Commission may find necessary or appropriate to insure that such company continues to be entitled to such exemption during the period for which such order is effective. The Commission, upon its own motion or upon application, shall revoke such order whenever it finds that the conditions specified in clause (A) or (B) are not satisfied in the case of such company. Any action of the Commission under the preceding sentence shall be by order. Application under this paragraph may be made by the company in respect of which the order is to be issued or by the owner of the facilities operated by such company. Any order issued under this paragraph shall apply equally to such company and such owner. The Commission may by rules or regulations conditionally or unconditionally provide that any specified class or classes of companies which it determines to satisfy the conditions specified in clause (A) or (B), and the owners of the facilities operated by such companies, shall not be deemed electric utility companies within the meaning of this paragraph.

"(4) 'Gas utility company' means any company which owns or operates facilities used for the distribution at retail (other than distribution only in enclosed portable containers, or distribution to tenants or employees of the company operating such facilities for their own use and not for resale) of natural or manufactured gas for heat, light, or power. The Commission, upon application, shall by order declare a company operating any such facilities not to be a gas utility company if the Commission finds that (A) such company is primarily engaged in one or more businesses other than the business of a gas utility company, and (B) by reason of the small amount of natural or manufactured gas distributed at retail by such company it is not necessary in the public interest or for the protection of investors or consumers that such company be considered a gas utility company for the purposes of this title. The filing of an application hereunder in good faith shall exempt such company (and the owner of the facilities operated by such company) from the application of this paragraph until the Commission has acted upon such application. As a condition to the entry of any such order, and as a part thereof, 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 business of the company as the Commission may find necessary or appropriate to insure that such company continues to be entitled to such exemption during the period for which such order is effective. The Commission, upon its own motion or upon application, shall revoke such order whenever it finds that the conditions specified in clauses (A) and (B) are not satisfied in the case of such company. Any action of the Commission under the preceding sentence shall be by order. Application under this paragraph may be made by the company in respect of which the order is to be issued or by the owner of the facilities operated by such company. Any order issued under this paragraph shall apply equally to such company and such owner. The Commission may by rules or regulations conditionally or unconditionally provide that any specified class or classes of companies which it determines to satisfy the conditions specified in clauses (A) and (B), and the owners of the facilities operated by such companies, shall not be deemed gas utility companies within the meaning of this paragraph.

"(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 directly or indirectly owns, controls, or holds with power to vote, 10 per centum 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 which the Commission determines, after notice and opportunity for hearing, directly or indirectly to exercise (either alone or pursuant to an arrangement or understanding with one or more other persons) 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 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 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 (either alone or pursuant to an arrangement or understanding with one or more other persons) 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 the applicant 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. Within a reasonable time after the receipt of any application hereunder, the Commission shall enter an order granting, or, after notice and opportunity for hearing, denying or otherwise disposing of, such application. As a condition to the entry of any order granting such application and as a part 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 ensure that in the case of the applicant the conditions specified in clauses (i), (ii), and (iii) are satisfied during the period for which such order is effective. The Commission, upon its own motion or upon application of the company affected, shall revoke the order declaring such company not to be a holding company whenever in its judgment any condition specified in clause (i), (ii), or (iii) is not satisfied in the case of such company, or modify the terms of such order whenever in its judgment such modification is necessary to ensure that in the case of such company the conditions specified in clauses (i), (ii), and (iii) are satisfied during the period for which such order is effective. Any action of the Commission under the preceding sentence shall be by order.

"(8) 'Subsidiary company' of a specified holding company means—

"(A) any company 10 per centum or more of the outstanding voting securities of which are directly or indirectly owned, controlled, or held with power to vote, 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)), unless the Commission, as hereinafter provided, by order declares such company not to be a subsidiary company of such holding 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 such holding company (either alone or pursuant to an arrangement or understanding with one or more other persons) 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 of a specified holding company under clause (A) if the Commission finds that (i) the applicant is not controlled, directly or indirectly, by such holding company (either alone or pursuant to an arrangement or understanding with one or more other persons) either through one or more intermediary persons or by any means or device whatsoever, (ii) the applicant is not an intermediary company through which such control of another company is exercised, and (iii) the management or policies of the applicant are not subject to a controlling influence, directly or indirectly, by such holding company (either alone or pursuant to an arrangement or understanding with one or more other persons) so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that the applicant 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 the applicant from any obligation, duty, or liability imposed in this title upon the applicant as a subsidiary company of such specified holding company until the Commission has acted upon such application. Within a reasonable time after the receipt of any application hereunder, the Commission shall enter an order granting, or, after notice and opportunity for hearing, denying or otherwise disposing of such application. As a condition to the entry of, and as a part of, any order granting such application, the Commission may require the applicant to apply periodically for a renewal of such order and to file such periodic or special reports regarding the affiliations or intercorporate relationships of the applicant as the Commission may find necessary or appropriate to enable it to determine whether in the case of the applicant the conditions specified in clauses (i), (ii), and (iii) are satisfied during the period for which such order is effective. The Commission, upon its own motion or upon application, shall revoke the order declaring such company not to be a subsidiary company whenever in its judgment any condition specified in clause (i), (ii), or (iii) is not satisfied in the case of such company, or modify the terms of such order whenever in its judgment such modification is necessary to ensure that in the case of such company the condition specified in clauses (i), (ii), and (iii) are satisfied during the period for which such order is effective. Any action of the Commission under the preceding sentence shall be by order. Any application under this paragraph may be made by the holding company or the company in respect of which the order is to be entered, but as used in this paragraph the term "applicant" means only the company in respect of which the order is to be entered.

"(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 directly or indirectly owns, controls, or holds with power to vote, 5 per centum or more of the outstanding voting securities of such specified company;

"(B) any company 5 per centum or more of whose outstanding voting securities are owned, controlled, or held with power to vote, directly or indirectly, by such specified company;

"(C) any individual who is an officer or director of such specified company, or of any company which is an affiliate thereof under clause (A) of this paragraph; and

"(D) any person or class of persons that the Commission determines, after appropriate notice and opportunity for hearing, to stand in such relation to such specified company that there is liable to be such an absence of arm's-length bargaining in transactions between them 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 whose registration is in effect 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 per centum 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 per centum 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) 'Utility 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 similar property. As used in this paragraph the term 'property' does not include 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, acquisition by lease, exchange, merger, consolidation, or other acquisition.

"(23) 'Sale' or 'sell' includes any sale, disposition by lease, exchange or 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 law 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 law 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.

"(29) 'Integrated public-utility system' means—

"(A) As applied to electric utility companies, a system consisting of one or more units of generating plants and/or transmission lines and/or distributing facilities, whose utility assets, whether owned by one or more electric utility companies, are physically interconnected or capable of physical interconnection and which under normal conditions may be economically operated as a single interconnected and coordinated system confined in its operations to a single area or region, in one or more States, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation; and

"(B) As applied to gas utility companies, a system consisting of one or more gas utility companies which are so located and related that substantial economies may be effectuated by being operated as a single coordinated system confined in its operations to a single area or region, in one or more States, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation: *Provided*, That gas utility companies deriving natural gas from a common source of supply may be deemed to be included in a single area or region.

"(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 (D) of paragraph (11) of such subsection, unless the Commission, after appropriate notice and opportunity for hearing, has issued an order declaring such person to be a holding company, a subsidiary company, or an affiliate, or declaring a class of which such person is a member to be affiliates. Such an order shall not become effective for at least thirty days after the mailing of a copy thereof to the person thereby declared to be a holding company, subsidiary company, or affiliate; or, in the case of determination of affiliates by classes, until at least thirty days after appropriate publication thereof in such manner as the Commission shall determine. Whenever the Commission, on its own motion or upon application by the person declared to be a holding company, subsidiary company, or affiliate, finds that

the circumstances which gave rise to the issuance of any such order no longer exist, the Commission shall by order revoke such order.

"(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, unless and except insofar as it finds the exemption detrimental to the public interest or the interest of investors or consumers, if—

"(1) such holding company, and every subsidiary company thereof which is a public-utility company from which such holding company derives, directly or indirectly, 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 whose operations as such do not extend beyond the State in which it is organized and States contiguous thereto;

"(3) such holding company is only incidentally a holding company, being primarily engaged or interested in one or more businesses other than the business of a public-utility company and (A) 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, or (B) deriving a material part of its income from any one or more such subsidiary companies, if substantially all the outstanding securities of such companies are owned, directly or indirectly, by such holding 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 derives no material part of its income, directly or indirectly, from any one or more subsidiary companies which are, a company or companies the principal business of which within the United States is that of a public-utility company.

"(b) The Commission, by rules and regulations upon its own motion, or by order upon application, shall exempt any subsidiary company, as such, of a holding company from any provision or provisions of this title, the application of which to such subsidiary company the Commission finds is not necessary in the public interest or for the protection of investors, if such subsidiary company derives no material part of its income, directly or indirectly, from sources within the United States, and neither it nor any of its subsidiary companies is a public-utility company operating in the United States.

"(c) Within a reasonable time after the receipt of an application for exemption under subsection (a) or (b), the Commission shall enter an order granting, or, after notice and opportunity for hearing, denying or otherwise disposing of such application. The filing of an application in good faith under subsection (a) 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 filing of an application in good faith under subsection (b) shall exempt the applicant from any obligation, duty, or liability imposed in this title upon the applicant as a subsidiary company until the Commission has acted upon such application. Whenever the Commission, on its own motion, or upon application by the holding company or any subsidiary company thereof exempted by any order issued under subsection (a), or by the subsidiary company exempted by any order issued under subsection (b), finds that the circumstances which gave rise to the issuance of such order no longer exist, the Commission shall by order revoke such order.

"(d) 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 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 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.

"TRANSACTIONS BY UNREGISTERED HOLDING COMPANIES

"SEC. 4. (a) After December 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 utility 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 utility 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, control, or hold with power to vote, 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 October 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 December 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 October 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 five 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) bonus and profit-sharing arrangements;

"(F) material contracts, not made in the ordinary course of business, and service, sales, and construction contracts;

"(G) options in respect of securities;

"(H) balance sheets for not more than the five preceding fiscal years, certified, if required by the rules and regulations of the Commission, by an independent public accountant;

"(I) profit and loss statements for not more than the five 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) 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 one year after the date of registration.

"(d) Whenever the Commission, upon application, finds that a registered holding company has ceased to be a holding company, it shall so declare by order and upon the taking effect of such order the registration of such company shall, upon such terms and conditions as the Commission finds and in such order prescribes as necessary for the protection of investors, cease to be in effect. The denial of any such application by the Commission shall be by order.

"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 nine 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 nine months or less, exclusive of days of grace, as to which such company is primarily or secondarily liable) not more than 5 per centum of the principal amount and par value of the other securities of such company then outstanding, or such greater per centum 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 purposes of this subsection shall be the fair market value as of the date of issue. The Commission by rules and regulations or order, subject to such terms and conditions as it deems appropriate in the public interest or for the protection of investors or consumers, shall exempt from the provisions of subsection (a) the issue or sale of any security by any subsidiary company of a registered holding company, if the issue and sale of such security are solely for the purpose of financing the business of such subsidiary company and have been expressly authorized by the State commission of the State in which such subsidiary company is organized and doing business, or if the issue and sale of such security are solely for the purpose of financing the business of such subsidiary company when such subsidiary company is not a holding company, a public-utility company, an investment company, or a fiscal or financing agency of a holding company, a public utility company, or an investment company. 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 right to subscribe to another security of the same issuer or another issuer. Within ten days after any issue, sale, renewal, or guaranty exempted from the application of subsection (a) by or under authority of this subsection, 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, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, for any registered holding company or any subsidiary company thereof, directly or indirectly,—

"(1) to sell or offer for sale or to cause to be sold or offered for sale, from house to house, any security of such holding company; or

"(2) to cause any officer or employee of any subsidiary company of such holding company to sell or cause to be sold any security of such holding company.

As used in this subsection 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 such State laws as may apply to the act in question 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 Commisison 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 it finds that—

"(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 (i) secured by a first lien on physical property of the declarant, or (ii) secured by an obligation of a subsidiary company of the declarant secured by a first lien on physical property or such subsidiary company, or (iii) secured by any other assets of the type and character which the Commission by rules and regulations or order may prescribe as appropriate in the public interest or for the protection of investors; (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; or

"(3) such security is one the issuance of which was authorized by the company prior to January 1, 1935, and which the Commission by rules and regulations or order authorizes as necessary or appropriate in the public interest or for the protection of investors or consumers.

"(d) If the requirements of subsections (c) and (g) are satisfied, the Commission shall permit a declaration regarding the issue or sale of a security to become effective unless the Commission finds that—

"(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 is not reasonably adapted to the earning power of the declarant;

"(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 the security are detrimental to the public interest or the interest of investors or consumers.

"(e) If the requirements of subsection (g) 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 the Commission finds that such exercise of such privilege or right 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 finds necessary to assure compliance with the conditions specified in this section.

"(g) If a State commission or State securities commission, having jurisdiction over any of the acts enumerated in subsection (a) of section 6, shall inform the Commission, upon request by the Commission for an opinion or otherwise, that State laws applicable to the act in question have not been complied with, the Commis-

sion shall not permit a declaration regarding the act in question to become effective until and unless the Commission is satisfied that such compliance has been effected.

"ACQUIRING INTEREST IN ELECTRIC AND GAS UTILITY COMPANIES SERVING SAME TERRITORY

"SEC. 8. Whenever a State law prohibits, or requires approval or authorization of, the ownership or operation by a single company of the utility assets of an electric utility company and a gas utility company serving substantially the same territory, it shall be unlawful for a registered holding company, or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise,—

"(1) to take any step, without the express approval of the State commission of such State, which results in its having a direct or indirect interest in an electric utility company and a gas utility company serving substantially the same territory; or

"(2) if it already has any such interest, to acquire, without the express approval of the State commission, any direct or indirect interest in an electric utility company or gas utility company serving substantially the same territory as that served by such companies in which it already has an interest.

"ACQUISITION OF SECURITIES AND UTILITY ASSETS AND OTHER INTERESTS

"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 or instrumentality of interstate commerce, or otherwise, to acquire, directly or indirectly, any securities or utility assets or any other interest in any business;

"(2) 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) of paragraph (11) of subsection (a) of section 2, of such company and of any other public utility or holding 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 utility 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 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 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 UTILITY ASSETS AND OTHER INTERESTS

"SEC. 10. (a) A person may apply for approval of the acquisition of securities or utility assets, or of any other interest in any business, 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 such State laws as may apply 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 per centum or more of any class of security of such company, the officers and directors of such company, and their remuneration, security holdings 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 five 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 utility 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; and

"(3) in the case of the acquisition of any other interest in any business, such information concerning such business and the interest to be acquired, and the consideration to be paid, 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 unless the Commission finds that—

"(1) such acquisition will tend towards 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) in case of the acquisition of securities or utility assets, 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 fair relation to the sums invested in or the earning capacity of the utility assets to be acquired or the utility 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 or the proper functioning of such holding-company system.

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 securities or utility assets, or of any other interest, which is unlawful under the provisions of section 8 or is detrimental to the carrying out of the provisions of section 11; or

"(2) the acquisition of securities or utility assets of a public-utility or holding company unless the Commission finds that such acquisition will serve the public interest by tending towards the economical and efficient development of an integrated public-utility system. This paragraph shall not apply to the acquisition of securities or utility assets of a public-utility company operating exclusively outside the United States.

"(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 utility assets, may prescribe such terms and conditions in respect of such acquisition, including the price to be paid for such securities or utility 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 any acquisition as to which an application is made under this section unless it appears to the satisfaction of the Commission that such State laws as may apply in respect of such acquisition have been complied with, except where the Commission finds that compliance with such State laws would be detrimental to the carrying out of the provisions of section 11.

"SIMPLIFICATION OF HOLDING-COMPANY SYSTEMS

"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 an integrated public-utility system.

"(b) It shall be the duty of the Commission, as soon as practicable after January 1, 1938:

"(1) To require by order, after notice and opportunity for hearing, that each registered holding company, and each subsidiary company thereof, shall take such action as the Commission shall find necessary to limit the operations of the holding-company system of which such company is a part to a single integrated public-utility system, and to such other businesses as are reasonably incidental, or economically necessary or appropriate to the operations of such integrated public-utility system: *Provided, however,* That the Commission shall permit a registered holding company to continue to control one or more additional integrated public-utility systems, if, after notice and opportunity for hearing, it finds that—

"(A) Each of such additional systems cannot be operated as an independent system without the loss of substantial economies which can be secured by the retention of control by such holding company of such system;

"(B) All of such additional systems are located in one State, or in adjoining States, or in a contiguous foreign country; and

"(C) The continued combination of such systems under the control of such holding company is not so large (considering the state of the art and the area or region affected) as to impair the advantages of localized management, efficient operation, or the effectiveness of regulation.

The Commission may permit as reasonably incidental, or economically necessary or appropriate to the operations of one or more integrated public-utility systems the retention of an interest in any business (other than the business of a public-utility company as such) which the Commission shall find necessary or appropriate in the public interest or for the protection of investors or consumers and not detrimental to the proper functioning of such system or systems.

"(2) To require by order, after notice and opportunity for hearing, that each registered holding company, and each subsidiary company thereof, shall take such steps as the Commission shall find necessary to ensure that the corporate structure or continued existence of any company in the holding-company system does not unduly or unnecessarily complicate the structure, or unfairly or inequitably distribute voting power among security holders, of such holding-company system. In carrying out the provisions of this paragraph the Commission shall require each registered holding company (and any company in the same holding-company system with such holding company) to take such action as the Commission shall find necessary in order that such holding company shall cease to be a holding company with respect to each of its subsidiary companies which itself has a subsiduary company which is a holding company. Except for the purpose of fairly and equitably distributing voting power among the security holders of such company, nothing in this paragraph shall authorize the Commission to require any change in the corporate structure or existence of any company which is not a holding company, or of any company whose principal business is that of a public-utility company.

The Commission may by order revoke or modify any order previously made under this subsection, if, after notice and opportunity for hearing, it finds that the conditions upon which the order was predicated do not exist. Any order made under this subsection shall be subject to judicial review as provided in section 24.

"(c) Any order under subsection (b) shall be complied with within one year from the date of such order; but the Commission shall, upon a showing (made before or after the entry of such order) that the applicant has been or will be unable in the exercise of due diligence to comply with such order within such time, extend such time for an additional period not exceeding one 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 issued under subsection (b). In any such proceeding, the court as a court of equity may, to such extent as it deems necessary for purposes of enforcement of such order, take exclusive jurisdiction and possession of the company or companies and the assets thereof, wherever located; and the court shall have jurisdiction, in any such proceeding, to appoint a trustee, and the court may constitute and appoint the Commission as sole trustee, to hold or administer under the direction of the court the assets so possessed. In any proceeding for the enforcement of an order of the Commission issued under subsection (b), 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 or order 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 other action by 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 subsection (b). If, after notice and opportunity for hearing, the Commission shall find such plan, as submitted or as modified, necessary to effectuate the provisions of subsection (b) and fair and equitable to the persons affected by such plan, the Commission shall make an order approving such plan; and the Commission, at the request of the company, may apply to a court, in accordance with the provisions of subsection (f) of section 18, to enforce and carry out the terms and provisions of such plan. 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 section 11, the court as a court of equity may, to such extent as it deems necessary for the purpose of carrying out the terms and provisions of such plan, take exclusive jurisdiction and possession of the company or companies and 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 hold or 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.

"(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 no proceeding under this section or otherwise shall the Commission be appointed as trustee or receiver without its express consent. 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 of a registered holding company or any subsidiary company thereof 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; SECURITY TRANSACTIONS; SALE OF UTILITY ASSETS; PROXIES; 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 which it owns of any public-utility company, or any utility 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 to prevent the circumvention of the provisions of this title.

"(h) 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, directly or indirectly—

"(1) to make any contribution whatsoever in connection with the candidacy, nomination, election or appointment of any person for or to any office or position in the Government of 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

"(2) to make any contribution to or in support of any political party or any committee or agency thereof.

The term 'contribution' as used in this subsection includes any gift, subscription, loan, advance, or deposit of money or anything of value, and includes any contract, agreement, or promise, whether or not legally enforceable, to make a contribution.

"(i) It shall be unlawful for any person employed or retained by any registered holding company, or any subsidiary company thereof, to present, advocate, or oppose any matter affecting any registered holding company or any subsidiary company thereof, before the Congress or any Member or committee thereof, or before the Commission or Federal Power Commission, or any member, officer, or employee of either such commission, unless such person shall file with the Commission in such form and detail and at such time 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, a statement of the subject matter in respect of which such person is retained or employed, the nature and character of such retainer or employment, and the amount of compensation received or to be received by such person, directly or indirectly, in connection therewith. It shall be the duty of every such person so employed or retained to file with the Commission within ten days after the close of each calendar month during such retainer or employment, in such form and detail 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, a statement of the expenses incurred and the compensation received by such person during such month in connection with such retainer or employment.

"SERVICE, SALES, AND CONSTRUCTION CONTRACTS

"SEC. 13. (a) After April 1, 1936, 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 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. This provision shall not apply to such transactions, involving special or unusual circumstances or not in the ordinary course of business, as the Commission by rules and regulations or order may conditionally or unconditionally exempt as being necessary or appropriate in the public interest or for the protection of investors or consumers.

"(b) After April 1, 1936, it shall be unlawful for any subsidiary company of any registered holding company or for any 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 except in accordance with such terms and conditions and subject to such limitations and prohibitions as the Commission by rules and regulations or order shall prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers and to insure that such contracts are performed economically and efficiently for the benefit of such associate companies at cost, fairly and equitably allocated among such companies. This provision shall not apply to such transactions as the Commission by rules and regulations or order may conditionally or unconditionally exempt as being necessary or appropriate in the public interest or for the protection of investors or consumers, if such transactions (1) are with any associate company which does not derive, directly or indirectly, any material part of its income from sources within the United States and which is not a public-utility company operating within the United States, or (2) involve special or unusual circumstances or are not in the ordinary course of business.

"(c) The rules and regulations and orders of the Commission under this section may prescribe, among other things, such terms and conditions regarding the determination of costs and the allocation thereof among specified classes of companies and for specified classes of service, sales, and construction contracts, the duration of such contracts, the making and keeping of accounts and cost-accounting procedures, the filing of annual and other periodic and special reports, the maintenance of competitive conditions, the disclosure of interests, and similar matters, as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers.

"(d) The rules and regulations and orders of the Commission under this section shall prescribe, among other things, such terms and conditions regarding the manner in which application may be made for approval as a mutual service company and the granting and continuance of such approval, the nature and enforcement of agreements for the sharing of expenses and distributing of revenues among member companies, and matters relating to such agreements, the nature and types of businesses and transactions in which mutual service companies may engage, and the manner of engaging therein, and the relations and transactions with member companies and affiliates, as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers. The Commission shall not approve, or continue the approval of, any company as a mutual service company unless the Commission finds such company 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 such company 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. The Commission, upon its own motion or at the request of a member company or a State commission, may, after notice and opportunity for hearing, by order 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. The Commission, after notice and opportunity for hearing, by order shall revoke, suspend, or modify the approval given any mutual service company if it finds that such company has persistently violated any provision of this section or any rule, regulation, or order thereunder.

"(e) It shall be unlawful for any 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 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 Commission deems necessary or appropriate to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

"(f) It shall be unlawful for any person whose principal business is the performance of service, 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, sales, or construction contract with any public-utility company engaged in interstate commerce, or with any registered holding company or any subsidiary company of a registered holding company, 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.

"(g) The Commission, in order to obtain information to serve as a basis for recommending further legislation, shall from time to time conduct investigations regarding the making, performance, and costs of service, sales, and construction contracts with holding companies and subsidiary companies thereof and with public-utility companies, the economies resulting therefrom, and the desirability thereof. The Commission shall report to Congress, from time to time, the results of such investigations, together with such recommendations for legislation as it deems advisable. On the basis of such investigations the 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 Commission may prescribe.

"PERIODIC AND OTHER REPORTS

"SEC. 14. Every registered holding company and every mutual service company shall file with the 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 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, shall be certified by an independent public accountant, and shall be made and filed at such time and in such form and detail as the 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 or 13, 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, member companies, and affiliates thereof as the 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 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, 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 as 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 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 whose principal 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 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) After the Commission 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, 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.

"(f) 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, or any member or representative thereof, as the Commission may prescribe. The Commission, 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.

"(g) It shall be the duty of every registered holding company and of every subsidiary company thereof 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, as the case may be, 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 case may be, as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers.

"(h) It shall be the duty of every mutual service company, and of every affiliate of a mutual service company, and of every person whose principal 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 Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers.

"(i) The Commission, by such rules and regulations as it deems necessary or appropriate in the public interest or for the protection of investors or consumers may prescribe for persons subject to the provisions of subsection (a), (b), (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.

"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 rule, 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, except as provided in section 17 (b), 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 or director 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 ten days after such person becomes an officer or director, 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 ten 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 or director by reason of his relationship to such registered holding company or any subsidiary company thereof, any profit realized by any such officer or director 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 six 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 or director in entering into such transaction to hold the security purchased or not to repurchase the security sold for a period of more than six 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 sixty days after request or shall fail diligently to prosecute the same thereafter; but no such suit shall be brought more than two years after the date such profit was realized. This subsection shall not cover any transaction where such person was not an officer or director 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 necessary or appropriate in the public interest or for the protection of investors or consumers, exempt as not comprehended within the purpose of this subsection. Nothing in this subsection shall be construed to give a remedy in the case of any transaction in respect of which a remedy is given under subsection (b) of section 16 of the Securities Exchange Act of 1934.

"(c) After one year from the date of the enactment of this title, 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, except in such cases as rules and regulations prescribed by the Commission may permit as not adversely affecting the public interest or the interest of investors or consumers.

"INVESTIGATIONS; INJUNCTIONS, ENFORCEMENT OF TITLE, AND PROSECUTION 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, 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 of 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. 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 one 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. 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 proceeding before the Commission, the Commission, in accordance with such rules and regulations as it may prescribe, shall admit as a party any interested State, State commission, State securities commission, municipality, or other political subdivision of a State, and may admit as a party 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, REGULATIONS, AND ORDERS

"SEC. 20. (a) 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.

"(b) 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 or orders of the Commission in respect of accounts 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 ac-

counts as it may deem necessary or appropriate in the public interest or for the protection of investors or consumers.

"(c) 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, regulations, or orders the Commission may classify persons and matters within its jurisdiction and prescribe different requirements for different classes of persons or matters. Orders of the Commission under this title shall be issued only after opportunity for hearing.

"(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 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 (1) 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 (2) the rights, obligations, duties, or liabilities of any person under such Acts; 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.

"INFORMATION FILED WITH THE COMMISSION

"SEC. 22. (a) When in the judgment of the Commission the disclosure of such information would be 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 it 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 or party aggrieved by an order issued by the Commission under this title 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 United States Court of Appeals for the District of Columbia, by filing in such court, within sixty 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 findings of the Commission as to the facts, if supported by substantial evidence, shall be conclusive. If application is made to the court for leave to adduce additional evidence, and it is shown 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 AND SUITS

"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 jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, 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 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 decrees 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), and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893 (D. C. Code, title 18, sec. 26). No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

"VALIDITY OF CONTRACTS

"SEC. 26. (a) Any condition, stipulation, or provision binding any person to waive compliance with any provision 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.

"(c) Nothing in this title shall be construed (1) to affect the validity of any loan or extension of credit (or any extension or renewal thereof) made or of any lien created prior or subsequent to the enactment of this title, unless at the time of the making of such loan or extension of credit (or extension or renewal thereof) or the creating of such lien, the person making such loan or extension of credit (or extension or renewal thereof) or acquiring such lien shall have actual knowledge of facts by reason of which the making of such loan or extension of credit (or extension or renewal thereof) or the acquisition of such lien is a violation of the provisions of this title or any rule or regulation thereunder, or (2) to afford a defense to the collection of any debt or obligation or the enforcement of any lien by any person who shall have acquired such debt, obligation, or lien in good faith for value and without actual knowledge of the violation of any provision of this title or any rule or regulation thereunder affecting the legality of such debt, obligation, or lien.

"LIABILITY OF CONTROLLING PERSONS; PREVENTING COMPLIANCE WITH TITLE

"SEC. 27. (a) It shall be unlawful for any person, directly or indirectly, to cause to be done 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 in issuing, selling, or offering for sale any security of a registered holding company or subsidiary company thereof, 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.

"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), (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 which is not an individual, 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 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 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, 1937.

"EMPLOYEES OF THE COMMISSION

"SEC. 31. For the purposes of this title, the Commission may select, employ, and fix the compensation of such attorneys, examiners, and other experts as shall be necessary for the transaction of the business of the Commission 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 may, subject to the civil-service laws, appoint such other officers and employees as are necessary in the execution of the functions of the Commission and fix their salaries in accordance with the Classification Act of 1923, as amended.

"SEPARABILITY OF PROVISIONS

"SEC. 32. 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. 33. 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 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 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; but shall not include national monuments or national parks;

"'(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 an individual or a corporation;

"'(5) "licensee" means any person, State, or municipality licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

"'(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 investigation 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 Government 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.

"'(e) 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, transmission, 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 two 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 four 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 region.'"

"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 three 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 Water Power Act, as amended, is amended to read as follows:

"'SEC. 6. Licenses under this Part shall be issued for a period not exceeding fifty 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 thirty days' public notice. Copies of all licenses issued under the provisions of this Part 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. (a) 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 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 resources of the region, if it be satisfied as to the ability of the applicant to carry out such plans.

"'(b) Whenever, in the judgment of the Commission, the development of any water 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 plan 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 recreational purposes; and if necessary in order to secure such plan the Commission shall have authority to require the modification of any project and 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 one hundred horsepower without the prior approval 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, or 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 twenty 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 provision 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 twenty years after the project is available for service and at periods of not less than ten 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 municipal 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 one hundred 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 one hundred horsepower installed capacity, the Commission may in its discretion waive such conditions, provisions, and requirements of this Part, except the license period of fifty 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 two 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 good will, going value, or prospective revenues; nor 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 arising from licenses hereunder, except charges fixed by the Commission for the purpose of reimbursing the United States for the costs of administration of this Part, shall be paid into the Treasury of the United States, subject to the following distribution: 12½ per centum thereof is hereby appropriated to be paid into the Treasury of the United States and credited to "Miscellaneous receipts"; 50 per centum of the charges arising from licenses hereunder for the occupancy and use of public lands and national forests shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the Act of Congress known as the Reclamation Act, approved June 17, 1902; and 37½ per centum of the charges arising from licenses hereunder for the occupancy and use of national forests and public lands from development within the boundaries of any State shall be paid by the Secretary of the Treasury to such State; and 50 per centum 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 5 per centum of the total amount so delinquent may be added to the total charges which shall apply for the first month or part of month so delinquent with an additional penalty of 3 per centum for each subsequent month 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 diversion 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 316 hereof.'"

"SEC. 210. Section 23 of the Federal Water 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 Part 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 Part 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, power house, or other works incidental thereto 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. 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 with 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 affected 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 affected, permission is hereby granted to construct such dam or other project works in such stream upon compliance with State laws.'"

"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 Part, which right shall be expressly reserved in every patent issued for such lands; and no claim or right to compensation shall accrue from the occupation or use of any of said lands for said purposes. The United States or any licensee for any such lands hereunder may enter thereupon for the purposes 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 contained.'

"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: *Provided*, That nothing in that Act, as amended, shall be construed to repeal or amend the provisions of the amendment to the Federal Water Power Act approved March 3, 1921 (41 Stat. 1353), or the provisions of any other Act relating to national parks and national monuments.

"SEC. 213. 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

"'DECLARATION OF POLICY; APPLICATION OF PART; DEFINITIONS

"'SECTION 201. (a) It is hereby declared that the business of transmitting and selling electric energy for ultimate distribution to the public is affected with a public interest, and that Federal regulation of matters relating to generation to the extent provided in this Part and the Part next following and of that part of such business which consists of the transmission of electric energy in interstate commerce and the sale of such energy at wholesale in interstate commerce is necessary in the public interest, such Federal regulation, however, to extend only to those matters which are not subject to regulation by the States.

"'(b) The provisions of this Part shall apply to the transmission of electric energy in interstate commerce and to the sale of electric energy at wholesale in interstate commerce, but shall not apply to any other sale of electric energy or deprive a State or State commission of its lawful authority now exercised over the exportation of hydroelectric energy which is transmitted across a State line. The Commission shall have jurisdiction over all facilities for such transmission or sale of electric energy, but shall not have jurisdiction, except as specifically provided in this Part and the Part next following, over facilities used for the generation of electric energy or over facilities used in local distribution or only for the transmission of electric energy in intrastate commerce, or over facilities for the transmission of electric energy consumed wholly by the transmitter.

"'(c) For the purpose of this Part, electric energy shall be held to be transmitted in interstate commerce if transmitted from a State and consumed at any point outside thereof; but only insofar as such transmission takes place within the United States.

"'(d) The term "sale of electric energy at wholesale" when used in this Part means a sale of electric energy to any person for resale.

"'(e) 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 Part.

"'(f) No provision in this Part 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.

"'INTERCONNECTION AND COORDINATION OF FACILITIES; EMERGENCIES; TRANSMISSION TO FOREIGN COUNTRIES

"'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 voluntary interconnection and coordination of facilities for the generation, transmission, and sale of electric energy, and it may at any time thereafter, upon its own motion or upon application, make such modifications thereof as in its judgment will promote the public interest. 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. It shall be the duty of the Commission to promote and encourage such interconnection and coordination within each such district and between such districts. Before establishing any such district and fixing or modifying the boundaries thereof the Commission shall give notice to the State commission of each State situated wholly or in part within such district, and shall afford each such State commission reasonable opportunity to present its views and recommendations, and shall receive and consider such views and recommendations.

"'(b) Whenever the Commission, upon application of any State commission or of any person engaged in the transmission or sale of electric energy, and after notice to each State commission and public utility affected and after opportunity for hearing, finds such action necessary or appropriate in the public interest it may by order direct a public utility (if the Commission finds that no undue burden will be placed upon such public utility thereby) to establish physical connection of its transmission facilities with the facilities of one or more other persons engaged in the transmission or sale of electric energy, to sell energy to or exchange energy with such persons: *Provided*, That the Commission shall have no authority to compel the enlargement of generating facilities for such purposes, nor to compel such public utility to sell or exchange energy when to do so would impair its ability to render adequate service to its customers. The Commission may prescribe the terms and conditions of the arrangement to be made between the persons affected by any such order, including the apportionment of cost between them and the compensation or reimbursement reasonably due to any of them.

"'(c) During the continuance of any war in which the United States is engaged, or whenever the Commission determines that an emergency exists by reason of a sudden increase in the demand for electric energy, or a shortage of electric energy or of facilities for the generation or transmission of electric energy, or of fuel or water for generating facilities, or other causes, the Commission shall have authority, either upon its own motion or upon complaint, with or without notice, hearing, or report, to require by order such temporary connections of facilities and such generation, delivery, interchange, or transmission of electric energy as in its judgment will best meet the emergency and serve the public interest. If the parties affected by such order fail to agree upon the terms of any arrangement between them in carrying out such order, the Commission, after hearing held either before or after such order takes effect, may prescribe by supplemental order such terms as it finds to be just and reasonable, including the compensation or reimbursement which should be paid to or by any such party.

"'(d) During the continuance of any emergency requiring immediate action, any person engaged in the transmission or sale of electric energy and not otherwise subject to the jurisdiction of the Commission may make such temporary connections with any public utility subject to the jurisdiction of the Commission or may construct such temporary facilities for the transmission of electric energy in interstate commerce as may be necessary or appropriate to meet such emergency, and shall not become subject to the jurisdiction of the Commission by reason of such temporary connection or temporary construction: *Provided*, That such temporary connection shall be discontinued or such temporary construction removed or otherwise disposed of upon the termination of such emergency: *Provided further*, That upon approval of the Commission permanent connections for emergency use only may be made hereunder.

"'(e) After six months from the date on which this Part takes effect, no person shall transmit any electric energy from the United States to a foreign country without first having secured an order of the Commission authorizing it to do so. The Commission shall issue such order upon application unless, after opportunity for hearing, it finds that the proposed transmission would impair the sufficiency of electric supply within the United States or would impede or tend to impede the coordination in the public interest of facilities subject to the jurisdiction of the Commission. The Commission may by its order grant such application in whole or in part, with such modifications and upon such terms and conditions as the Commission may find necessary or appropriate, and may from time to time, after opportunity for hearing and for good cause shown, make such supplemental order in the premises as it may find necessary or appropriate.

"'DISPOSITION OF PROPERTY; CONSOLIDATIONS; PURCHASE OF SECURITIES

"'SEC. 203. (a) No public utility shall sell, lease, or otherwise dispose of the whole of its facilities subject to the jurisdiction of the Commission, or any part thereof of a value in excess of $50,000, or by any means whatsoever, directly or indirectly, merge or consolidate such facilities or any part thereof with those of any other

person, or purchase, acquire, or take any security of any other public utility, without first having secured an order of the Commission authorizing it to do so. Upon application for such approval the Commission shall give reasonable notice in writing to the Governor and State commission of each of the States in which the physical property affected, or any part thereof, is situated, and to such other persons as it may deem advisable. After notice and opportunity for hearing, if the Commission finds that the proposed disposition, consolidation, acquisition, or control will be consistent with the public interest, it shall approve the same.

"'(b) The Commission may grant any application for an order under this section in whole or in part and upon such terms and conditions as it finds necessary or appropriate to secure the maintenance of adequate service and the coordination in the public interest of facilities subject to the jurisdiction of the Commission. The Commission may from time to time for good cause shown make such orders supplemental to any order made under this section as it may find necessary or appropriate.

"'ISSUANCE OF SECURITIES; ASSUMPTION OF LIABILITIES

"'SEC. 204. (a) No public utility shall issue any security, or assume any obligation or liability as guarantor, indorser, surety, or otherwise in respect of any security of another person, unless and until, and then only to the extent that, upon application by the public utility, the Commission by order authorizes such issue or assumption of liability. The Commission shall make such order only if it finds that such issue or assumption (a) is for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility and which will not impair its ability to perform that service, and (b) is reasonably necessary or appropriate for such purposes. The provisions of this section shall be effective six months after this Part takes effect.

"'(b) The Commission, after opportunity for hearing, may grant any application under this section in whole or in part, and with such modifications and upon such terms and conditions as it may find necessary or appropriate, and may from time to time, after opportunity for hearing and for good cause shown, make such supplemental orders in the premises as it may find necessary or appropriate, and may by any such supplemental order modify the provisions of any previous order as to the particular purposes, uses, and extent to which, or the conditions under which, any security so theretofore authorized or the proceeds thereof may be applied, subject always to the requirements of subsection (a) of this section.

"'(c) No public utility shall, without the consent of the Commission, apply any security or any proceeds thereof to any purpose not specified in the Commission's order, or supplemental order, or to any purpose in excess of the amount allowed for such purpose in such order, or otherwise in contravention of such order.

"'(d) The Commission shall not authorize the capitalization of the right to be a corporation or of any franchise, permit, or contract for consolidation, merger, or lease in excess of the amount (exclusive of any tax or annual charge) actually paid as the consideration for such right, franchise, permit, or contract.

"'(e) Subsection (a) shall not apply to the issue or renewal of, or assumption of liability on, a note or draft maturing not more than one year after the date of such issue, renewal, or assumption of liability, and aggregating (together with all other then outstanding notes and drafts of a maturity of one year or less on which such public utility is primarily or secondarily liable) not more than 5 per centum of the par value of the other securities of the public utility then outstanding. In the case of securities having no par value, the par value for the purpose of this subsection shall be the fair market value as of the date of issue. Within ten days after any such issue, renewal, or assumption of liability, the public utility shall file with the Commission a certificate of notification, in such form as may be prescribed by the Commission, setting forth such matters as the Commission shall by regulation require.

"'(f) The provisions of this section shall not extend to a public utility organized and operating in a State under the laws of which its security issues are regulated by a State commission.

"'(g) Nothing in this section shall be construed to imply any guarantee or obligation on the part of the United States in respect of any securities to which the provisions of this section relate.

"'(h) Any public utility whose security issues are approved by the Commission under this section may file with the Securities and Exchange Commission duplicate copies of reports filed with the Federal Power Commission in lieu of the reports, information, and documents required under section 7 of the Securities Act of 1933 and sections 12 and 13 of the Securities and Exchange Act of 1934.

"'RATES AND CHARGES; SCHEDULES; SUSPENSION OF NEW RATES

"'SEC. 205. (a) All rates and charges made, demanded, or received by any public utility for or in connection with the transmission or sale of electric energy subject to the jurisdiction of the Commission, and all rules and regulations affecting or pertaining to such rates or charges shall be just and reasonable, and any such rate or charge that is not just and reasonable is hereby declared to be unlawful.

"'(b) No public utility shall, with respect to any transmission or sale subject to the jurisdiction of the Commission, (1) make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage, or (2) maintain any unreasonable difference in rates, charges, service, facilities, or in any other respect, either as between localities or as between classes of service.

"'(c) Under such rules and regulations as the Commission may prescribe, every public utility shall file with the Commission, within such time and in such form as the Commission may designate, and shall keep open in convenient form and place for public inspection schedules showing all rates and charges for any transmission or sale subject to the jurisdiction of the Commission, and the classifications, practices, and regulations affecting such rates and charges, together with all contracts which in any manner affect or relate to such rates, charges, classifications, and services.

"'(d) Unless the Commission otherwise orders, no change shall be made by any public utility in any such rate, charge, classification, or service, or in any rule, regulation, or contract relating thereto, except after thirty days' notice to the Commission and to the public. Such notice shall be given by filing with the Commission and keeping open for public inspection new schedules stating plainly the change or changes to be made in the schedule or schedules then in force and the time when the change or changes will go into effect. The Commission, for good cause shown, may allow changes to take effect without requiring the thirty days' notice herein provided for by an order specifying the changes so to be made and the time when they shall take effect and the manner in which they shall be filed and published.

"'(e) Whenever any such new schedule is filed the Commission shall have authority, either upon complaint or upon its own initiative without complaint, at once, and, if it so orders, without answer or formal pleading by the public utility, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, charge, classification, or service; and, pending such hearing and the decision thereon, the Commission, upon filing with such schedules and delivering to the public utility affected thereby a statement in writing of its reasons for such suspension, may suspend the operation of such schedule and defer the use of such rate, charge, classification, or service, but not for a longer period than five months beyond the time when it would otherwise go into effect; and after full hearings, either completed before or after the rate, charge, classification, or service goes into effect, the Commission may make such orders with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made at the expiration of such five months, the proposed change of rate, charge, classification, or service shall go into effect at the end of such period, but in case of a proposed increased rate or charge, the Commission may by order require the interested public utility or public utilities to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid, and upon completion of the hearing and decision may by further order require such public utility or public utilities to refund, with interest, to the persons in whose behalf such amounts were paid, such portion of such increased rates or charges as by its decision shall be found not justified. At any hearing involving a rate or charge sought to be increased, the burden of proof to show that the increased rate or charge is just and reasonable shall be upon the public utility, and the Commission shall give to the hearing and decision of such questions preference over other questions pending before it and decide the same as speedily as possible.

"'FIXING RATES AND CHARGES; DETERMINATION OF COST OF PRODUCTION OR TRANSMISSION

"'SEC. 206. (a) Whenever the Commission, after a hearing had upon its own motion or upon complaint, shall find that any rate, charge, or classification, demanded, observed, charged, or collected by any public utility for any transmission or sale subject to the jurisdiction of the Commission, or that any rule, regulation, practice, or contract affecting such rate, charge, or classification is unjust, unreasonable, unduly discriminatory or preferential, the Commission shall determine the just and reasonable rate, charge, classification, rule, regulation, practice, or contract to be thereafter observed and in force, and shall fix the same by order.

"'(b) The Commission upon its own motion, or upon the request of any State commission whenever it can do so without prejudice to the efficient and proper conduct of its affairs, may investigate and determine the cost of the production or transmission of electric energy by means of facilities under the jurisdiction of the Commission in cases where the Commission has no authority to establish a rate governing the sale of such energy.

"'FURNISHING OF ADEQUATE SERVICE

"'SEC. 207. Whenever the Commission, upon complaint of a State commission, after notice to each State commission and public utility affected and after opportunity for hearing, shall find that any interstate service of any public utility is inadequate or insufficient, the Commission shall determine the proper, adequate, or sufficient service to be furnished, and shall fix the same by its order, rule, or regulation: *Provided*, That the Commission shall have no authority to compel the enlargement of generating facilities for such purposes, nor to compel the public utility to sell or exchange energy when to do so would impair its ability to render adequate service to its customers.

"'ASCERTAINMENT OF COST OF PROPERTY

"'SEC. 208. (a) The Commission may investigate and ascertain the actual legitimate cost of the property of every public utility, the depreciation therein, and, when found necessary for rate-making purposes, other facts which bear on the determination of such cost or depreciation, and the fair value of such property.

"'(b) Every public utility upon request shall file with the Commission an inventory of all or any part of its property and a statement of the original cost thereof, and shall keep the Commission informed regarding the cost of all additions, betterments, extensions, and new construction.

"'USE OF JOINT BOARDS; COOPERATION WITH STATE COMMISSIONS

"'SEC. 209. (a) The Commission may refer any matter arising in the administration of this Part to a board to be composed of a member or members, as determined by the Commission, from the State or each of the States affected or to be affected by such matter. Any such board shall be vested with the same power and be subject to the same duties and liabilities as in the case of a member of the Commission when designated by the Commission to hold any hearings. The action of such board shall have such force and effect and its proceedings shall be conducted in such manner as the Commission shall by regulations prescribe. The board shall be appointed by the Commission from persons nominated by the State commission of each State affected, or by the Governor of such State if there is no State commission. Each State affected shall be entitled to the same number of representatives on the board unless the nominating power of such State waives such right. The Commission shall have discretion to reject the nominee from any State, but shall thereupon invite a new nomination from that State. The members of a board shall receive such allowances for expenses as the Commission shall provide. The Commission may, when in its discretion sufficient reason exists therefor, revoke any reference to such a board.

"'(b) The Commission may confer with any State commission regarding the relationship between rate structures, costs, accounts, charges, practices, classifications, and regulations of public utilities subject to the jurisdiction of such State commission and of the Commission; and the Commission is authorized, under such rules and regulations as it shall prescribe, to hold joint hearings with any State commission in connection with any matter with respect to which the Commission is authorized to act. The Commission is authorized in the administration of this Act to avail itself of such cooperation, services, records, and facilities as may be afforded by any State commission.

"'(c) The Commission shall make available to the several State commissions such information and reports as may be of assistance in State regulation of public utilities. Whenever the Commission can do so without prejudice to the efficient and proper conduct of its affairs, it may upon request from a State make available to such State as witnesses any of its trained rate, valuation, or other experts, subject to reimbursement to the Commission by such State of the compensation and traveling expenses of such witnesses. All sums collected hereunder shall be credited to the appropriation from which the amounts were expended in carrying out the provisions of this subsection.

"'PART III—LICENSEES AND PUBLIC UTILITIES; PROCEDURAL AND ADMINISTRATIVE PROVISIONS

"'ACCOUNTS, RECORDS, AND MEMORANDA

"'SECTION 301. (a) Every licensee and public utility shall make, keep, and preserve for such periods, such accounts, records of cost-accounting procedures, correspondence, memoranda, papers, books, and other records as the Commission may by rules and regulations prescribe as necessary or appropriate for purposes of the administration of this Act, including accounts, records, and memoranda of the generation, transmission, distribution, delivery, or sale of electric energy, the furnishing of services or facilities in connection therewith, and receipts and expenditures with respect to any of the foregoing: *Provided, however,* That nothing in this Act shall relieve any public utility from keeping any accounts, memoranda, or records which such public utility may be required to keep by or under authority of the laws of any State. The Commission may prescribe a system of accounts to be kept by licensees and public utilities and may classify such licensees and public utilities and prescribe a system of accounts for each class. The Commission, after notice and opportunity for hearing, may determine by order the accounts in which particular outlays and receipts shall be entered, charged, or credited. The burden of proof to justify every accounting entry questioned by the Commission shall be on the person making, authorizing, or requiring such entry, and the Commission may suspend a charge or credit pending submission of satisfactory proof in support thereof.

"'(b) The Commission shall at all times have access to and the right to inspect and examine all accounts, records, and memoranda of licensees and public utilities, and it shall be the duty of such licensees and public utilities to furnish to the Commission, within such reasonable time as the Commission may order, any information with respect thereto which the Commission may by order require, including copies of maps, contracts, reports of engineers, and other data, records, and papers, and to grant to all agents of the Commission free access to its property and its accounts, records, and memoranda when requested so to do. No member, officer, or employee of the Commission shall divulge any fact or information which may come to his knowledge during the course of examination of books or other accounts, as hereinbefore provided, except insofar as he may be directed by the Commission or by a court.

"'(c) The books, accounts, memoranda, and records of any person who controls, directly or indirectly, a licensee or public utility subject to the jurisdiction of the Commission, and of any other company controlled by such person, insofar as they relate to transactions with or the business of such licensee or public utility, shall be subject to examination on the order of the Commission.

"'RATES OF DEPRECIATION

"'SEC. 302. (a) The Commission may, after hearing, require licensees and public utilities to carry a proper and adequate depreciation account in accordance with such rules, regulations, and forms of account as the Commission may prescribe. The Commission may, from time to time, ascertain and determine, and by order fix, the proper and adequate rates of depreciation of the several classes of property of each licensee and public utility. Each licensee and public utility shall conform its depreciation accounts to the rates so ascertained, determined, and fixed. The licensees and public utilities subject to the jurisdiction of the Commission shall not charge to operating expenses any depreciation charges on classes of property other than those prescribed by the Commission, or charge with respect to any class of property a percentage of depreciation other than that prescribed therefor by the Commission. No such licensee or public utility shall in any case include in any form under its operating or other expenses any depreciation or other charge or expenditure included elsewhere as a depreciation charge or otherwise under its operating or other expenses. Nothing in this section shall limit the power of a State commission to determine in the exercise of its jurisdiction, with respect to any public utility, the percentage rate of depreciation to be allowed, as to any class of property of such public utility, or the composite depreciation rate, for the purpose of determining rates or charges.

"'(b) The Commission, before prescribing any rules or requirements as to accounts, records, or memoranda, or as to depreciation rates, shall notify each State commission having jurisdiction with respect to any public utility involved, and shall give reasonable opportunity to each such commission to present its views, and shall receive and consider such views and recommendations.

"'REQUIREMENTS APPLICABLE TO AGENCIES OF THE UNITED STATES

"'SEC. 303. All agencies of the United States engaged in the generation and sale of electric energy for ultimate distribution to the public shall be subject, as to all facilities used for such generation and sale, and as to the electric energy sold by such agency, to the provisions of sections 301 and 302 hereof, so far as may be practicable, and shall comply with the provisions of such sections and with the rules and regulations of the Commission thereunder to the same extent as may be required in the case of a public utility.

"'PERIODIC AND SPECIAL REPORTS

"'SEC. 304. (a) Every licensee and every public utility shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this Act. The Commission may prescribe the manner and form in which such reports shall be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilties, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies.

"'(b) It shall be unlawful for any person willfully to hinder, delay, or obstruct the making, filing, or keeping of any information, document, report, memorandum, record, or account required to be made, filed, or kept under this Act or any rule, regulation, or order thereunder.

"'OFFICIALS DEALING IN SECURITIES; INTERLOCKING DIRECTORATES

"'SEC. 305. (a) It shall be unlawful for any officer or director of any public utility to receive for his own benefit, directly or indirectly, any money or thing of value in respect of the negotiation, hypothecation, or sale by such public utility of any security issued or to be issued by such public utility, or to share in any of the proceeds thereof, or to participate in the making or paying of any dividends of such public utility from any funds properly included in capital account.

"'(b) After six months from the date on which this Part takes effect, it shall be unlawful for any person to hold the position of officer or director of more than one public utility or to hold the position of officer or director of a public utility and the position of officer or director of any bank, trust company, banking association, or firm that is authorized by law to underwrite or participate in the marketing of securities of a public utility, or officer or director of any company supplying electrical equipment to such public utility, unless the holding of such positions shall have been authorized by order of the Commission, upon due showing in form and manner prescribed by the Commission, that neither public nor private interests will be adversely affected thereby. The Commission shall not grant any such authorization in respect of such positions held on the date on which this Part takes effect, unless application for such authorization is filed with the Commission within sixty days after that date.

"'COMPLAINTS

"'SEC. 306. Any person, State, municipality, or State commission complaining of anything done or omitted to be done by any licensee or public utility in contravention of the provisions of this

Act may apply to the Commission by petition which shall briefly state the facts, whereupon a statement of the complaint thus made shall be forwarded by the Commission to such licensee or public utility, who shall be called upon to satisfy the complaint or to answer the same in writing within a reasonable time to be specified by the Commission. If such licensee or public utility shall not satisfy the complaint within the time specified or there shall appear to be any reasonable ground for investigating such complaint, it shall be the duty of the Commission to investigate the matters complained of in such manner and by such means as it shall find proper.

"'INVESTIGATIONS BY COMMISSION; ATTENDANCE OF WITNESSES; DEPOSITIONS

"'SEC. 307. (a) The Commission may investigate any facts, conditions, practices, or matters which it may find necessary or proper in order to determine whether any person has violated or is about to violate any provision of this Act or any rule, regulation, or order thereunder, or to aid in the enforcement of the provisions of this Act or in prescribing rules or regulations thereunder, or in obtaining information to serve as a basis for recommending further legislation concerning the matters to which this Act relates. The Commission may 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 information concerning any such subject.

"'(b) For the purpose of any investigation or any other proceeding under this Act, any member of the Commission, or any officer 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 finds relevant or material to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States at any designated place of hearing. Witnesses summoned by the Commission to appear before it shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"'(c) 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 of 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. 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 willfully 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 one year, or both.

"'(d) The testimony of any witness may be taken, at the instance of a party, in any proceeding or investigation pending before the Commission, by deposition, at any time after the proceeding is at issue. The Commission may also order testimony to be taken by deposition in any proceeding or investigation pending before it, at any stage of such proceeding or investigation. Such depositions may be taken before any person authorized to administer oaths not being of counsel or attorney to either of the parties, nor interested in the proceeding or investigation. Reasonable notice must first be given in writing by the party or his attorney proposing to take such deposition to the opposite party or his attorney of record, as either may be nearest, which notice shall state the name of the witness and the time and place of the taking of his deposition. Any person may be compelled to appear and depose, and to produce documentary evidence, in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the Commission, as hereinbefore provided. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall, after it has been reduced to writing, be subscribed by the deponent.

"'(e) If a witness whose testimony may be desired to be taken by deposition be in a foreign country, the deposition may be taken before an officer or person designated by the Commission, or agreed upon by the parties by stipulation in writing to be filed with the Commission. All depositions must be promptly filed with the Commission.

"'(f) Witnesses whose depositions are taken as authorized in this Act, and the person or officer taking the same, shall be entitled to the same fees as are paid for like services in the courts of the United States.

"'(g) 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 subjected 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.

"'HEARINGS; RULES OF PROCEDURE

"'SEC. 308. (a) Hearings under this Act may be held before the Commission, any member or members thereof or any representative of the Commission designated by it, and appropriate records thereof shall be kept. In any proceeding before it, the Commission, in accordance with such rules and regulations as it may prescribe, may admit as a party any interested State, State commission, municipality, or any representative of interested consumers or security holders, or any competitor of a party to such proceedings, or any other person whose participation in the proceeding may be in the public interest.

"'(b) All hearings, investigations, and proceedings under this Act shall be governed by rules of practice and procedure to be adopted by the Commission, and in the conduct thereof the technical rules of evidence need not be applied. No informality in any hearing, investigation, or proceeding or in the manner of taking testimony shall invalidate any order, decision, rule, or regulation issued under the authority of this Act.

"'ADMINISTRATIVE POWERS OF COMMISSION; RULES, REGULATIONS, AND ORDERS

"'SEC. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the form or forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed. Unless a different date is specified therein, rules and regulations of the Commission shall be effective thirty days after publication in the manner which the Commission shall prescribe. Orders of the Commission shall be effective on the date and in the manner which the Commission shall prescribe. For the purposes 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. All rules and regulations of the Commission shall be filed with its secretary and shall be kept open in convenient form for public inspection and examination during reasonable business hours.

"'APPOINTMENT OF OFFICERS AND EMPLOYEES

"'SEC. 310. The Commission is authorized to appoint and fix the compensation of such officers, attorneys, examiners, and experts as may be necessary for carrying out its functions under this Act, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States; and the Commission may, subject to civil-service laws, appoint such other officers and employees as are necessary for carrying out such functions and fix their salaries in accordance with the Classification Act of 1923, as amended.

"'INVESTIGATIONS RELATING TO ELECTRIC ENERGY

"'SEC. 311. In order to secure information necessary or appropriate as a basis for recommending legislation, the Commission is authorized and directed to conduct investigations regarding the generation, transmission, distribution, and sale of electric energy, however produced, throughout the United States and its possessions, whether or not otherwise subject to the jurisdiction of the Commission, including the generation, transmission, distribution, and sale of electric energy by any agency, authority, or instrumentality of the United States, or of any State or municipality or other political subdivision of a State. It shall, so far as practicable, secure and keep current information regarding the ownership, operation, management, and control of all facilities for such generation, transmission, distribution, and sale; the capacity and output thereof and the relationship between the two; the cost of generation, transmission, and distribution; the rates, charges, and contracts in respect of the sale of electric energy and its service to residential, rural, commercial, and industrial consumers and other purchasers by private and public agencies; and the relation of any or all such facts to the development of navigation, industry, commerce, and the national defense. The Commission shall report to Congress the results of investigations made under authority of this section.

"'PUBLICATION AND SALE OF REPORTS

"'SEC. 312. The Commission may provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use, and is authorized to sell at reasonable prices copies of all maps, atlases, and reports as it may from time to time publish. Such reasonable prices may include the cost of compilation, composition, and reproduction. The Commission is also authorized to make such charges as it deems reasonable for special statistical services and other special or periodic services. The amounts collected under this section shall be deposited in the Treasury to the credit of miscellaneous receipts. All printing for the Federal Power Commission making use of engraving, lithography, and photolithography, together with the

plates for the same, shall be contracted for and performed under the direction of the Commission, under such limitations and conditions as the Joint Committee on Printing may from time to time prescribe, and all other printing for the Commission shall be done by the Public Printer under such limitations and conditions as the Joint Committee on Printing may from time to time prescribe. The entire work may be done at, or ordered through, the Government Printing Office whenever, in the judgment of the Joint Committee on Printing, the same would be to the interest of the Government: *Provided*, That when the exigencies of the public service so require, the Joint Committee on Printing may authorize the Commission to make immediate contracts for engraving, lithographing, and photolithographing, without advertisement for proposals: *Provided further*, That nothing contained in this or any other Act shall prevent the Federal Power Commission from placing orders with other departments or establishments for engraving, lithographing, and photolithographing, in accordance with the provisions of sections 601 and 602 of the Act of June 30, 1932 (47 Stat. 417), providing for interdepartmental work.

"'REHEARING; COURT REVIEW OF ORDERS

"'SEC. 313. (a) Any person, State, municipality, or State commission aggrieved by an order issued by the Commission in a proceeding under this Act to which such person, State, municipality, or State commission is a party may apply for a rehearing within thirty days after the issuance of such order. The application for rehearing shall set forth specifically the ground or grounds upon which such application is based. Upon such application the Commission shall have power to grant or deny rehearing or to abrogate or modify its order without further hearing. Unless the Commission acts upon the application for rehearing within thirty days after it is filed, such application may be deemed to have been denied. No proceeding to review any order of the Commission shall be brought by any person unless such person shall have made application to the Commission for a rehearing thereon.

"'(b) Any party to a proceeding under this Act aggrieved by an order issued by the Commission in such proceeding may obtain a review of such order in the Circuit Court of Appeals of the United States for any circuit wherein the licensee or public utility to which the order relates is located or has its principal place of business, or in the United States Court of Appeals for the District of Columbia, by filing in such court, within sixty days after the order of the Commission upon the application for rehearing, 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 forthwith be served upon any member of the Commission and thereupon the Commission shall certify and file with 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 in the application for rehearing unless there is reasonable ground for failure 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 proceedings 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).

"'(c) The filing of an application for rehearing under subsection (a) shall not, unless specifically ordered by the Commission, operate as a stay of the Commission's order. The commencement of proceedings under subsection (b) of this section shall not, unless specifically ordered by the court, operate as a stay of the Commission's order.

"'ENFORCEMENT OF ACT, REGULATIONS AND ORDERS

"'SEC. 314. (a) 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 act, 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 Act 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. 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 necessary criminal proceedings under this Act.

"'(b) 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 Act or any rule, regulation, or order of the Commission thereunder.

"'(c) The Commission may employ such attorneys as it finds necessary or proper legal aid and service of the Commission or its members in the conduct of their work, or for proper representation of the public interests in investigations made by it or cases or proceedings pending before it, whether at the Commission's own instance or upon complaint, or to appear for or represent the Commission in any case in court; and the expenses of such employment shall be paid out of the appropriation for the Commission.

"'GENERAL FORFEITURE PROVISION

"'SEC. 315. (a) Any licensee or public utility which willfully fails, within the time prescribed by the Commission, to comply with any order of the Commission, to file any report required under this Act or any rule or regulation of the Commission thereunder, to submit any information or document required by the Commission in the course of an investigation conducted under this Act, or to appear by an officer or agent at any hearing or investigation in response to a subpena issued under this Act, shall forfeit to the United States an amount not exceeding $1,000 to be fixed by the Commission after notice and opportunity for hearing. The imposition or payment of any such forfeiture shall not bar or affect any penalty prescribed in this Act but such forfeiture shall be in addition to any such penalty.

"'(b) The forfeitures provided for in this Act shall be payable into the Treasury of the United States and shall be recoverable in a civil suit in the name of the United States, brought in the district where the person is an inhabitant or has his principal place of business, or if a licensee or public utility, in any district in which such licensee or public utility transacts business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of forfeitures under this Act. The costs and expenses of such prosecution shall be paid from the appropriations for the expenses of the courts of the United States.

"'GENERAL PENALTIES; VENUE

"'SEC. 316. (a) Any person who willfully and knowingly does or causes or suffers to be done any act, matter, or thing in this Act prohibited or declared to be unlawful, or who willfully and knowingly omits or fails to do any act, matter, or thing in this Act required to be done, or willfully and knowingly causes or suffers such ommission or failure, shall, upon conviction thereof, be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

"'(b) Any person who willfully and knowingly violates any rule, regulation, restriction, condition, or order made or imposed by the Commission under authority of this Act, or any rule or regulation imposed by the Secretary of War under authority of Part I of this Act shall, in addition to any other penalties provided by law, be punished upon conviction thereof by a fine of not exceeding $500 for each and every day during which such offense occurs.

"'JURISDICTION OF OFFENSES; ENFORCEMENT OF LIABILITIES AND DUTIES

"'SEC. 317. 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 Act or the rules, regulations, and 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 Act or any rule, regulation, or order thereunder. Any criminal proceeding shall 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 Act or any rule, regulation, or order thereunder may be brought in any such district or in the district wherein the defendant is an inhabitant, and process in such cases may be served wherever the defendant may be found. Judgments and decrees 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 against the Commission in any judicial proceeding by or against the Commission under this Act.

"'CONFLICT OF JURISDICTION

"'SEC. 318. If, with respect to the issue, sale, or guaranty of a security, or assumption of obligation or liability in respect of a security, the method of keeping accounts, the filing of reports, or the acquisition or disposition of any security, capital assets, facilities, or any other subject matter, any person is subject both to a requirement of the Public Utility Holding Company Act of 1935 or of a rule, regulation, or order thereunder and to a requirement of this Act or of a rule, regulation, or order thereunder, the requirement of the Public Utility Holding Company Act of 1935 shall apply to such person, and such person shall not be subject to the requirement of this Act, or of any rule, regulation, or order thereunder, with respect to the same subject matter, unless the Securities and Exchange Commission has exempted such person from such requirement of the Public Utility Holding Company Act of 1935, in which case the requirements of this Act shall apply to such person.

"'SEPARABILITY OF PROVISIONS

"'SEC. 319. If any provision of this Act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of the Act, 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. 320. This Act may be cited as the "Federal Power Act."'"

And the House agree to the same.

That the title of the bill be amended to read as follows:

"An Act to provide for control and regulation of public-utility holding companies, and for other purposes."

SAM RAYBURN,
GEORGE HUDDLESTON,
CLARENCE LEA,
Managers on the part of the House.

B. K. WHEELER,
ALBEN W. BARKLEY,
FRED H. BROWN,
HENRIK SHIPSTEAD,
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. 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, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment strikes out all of the Senate bill after the enacting clause. The Senate recedes from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment. The differences between the House amendment and the substitute agreed to in conference are noted in the following outline, except for incidental changes made necessary by reason of agreements reached by the conferees and minor and clarifying changes.

Section 2

In section 2 (a) (2) of the Senate bill, the definition of "company" includes a "receiver, trustee, or liquidating agent" of a company. The substitute agreed to in conference adopts this language with an addition so that the definition only includes such a person "in his capacity as such."

Section 2 (a) (3) of the Senate bill, defining the term "electric utility company", exempts from the definition any company which sells 75 percent or more of the electric energy which it generates to a controlling company engaged primarily in manufacturing. This provision is not contained in the House amendment. The substitute includes the substance of the Senate provision modified to afford administrative flexibility.

Under sections 2 (a) (3) and (4) of the House amendment the Commission is directed to exempt, by order, from the definitions of "electric utility company" and "gas utility company" companies satisfying specified requirements. The substitute agreed to permits action with respect to classes of companies, and by rules or regulations.

Under section 2 (a) (11) of the Senate bill, an "affiliate" of a specified company may be a company 5 percent or more of whose outstanding voting securities are owned, held, or controlled by such specified company. This provision is not in the House amendment. It is included in the substitute agreed to, but "held" is changed to "held with power to vote." Under the Senate bill (but not under the House amendment) any officer or director of any company which is an affiliate of the specified company, under clause (A), is an affiliate. This provision is included in the substitute agreed to.

The House amendment (sec. 2 (a) (26)) defines an "integrated public-utility system" and this definition is included in the substitute agreed to in conference with a modification which would make it include, in the case of electric utility companies, a system consisting of one or more units of "generating plants and/or transmission lines and/or distributing facilities" instead of "generating plants and/or transmission lines and distributing facilities", and with the further modification that such a system, in the case of either gas or electric companies, is to be one not so large as to impair "the effectiveness of regulation."

Section 4

Section 4 (a) of both the Senate bill and the House amendment provide that it shall be unlawful for a holding company, after a specified date, to do certain acts without having registered. Among the acts specified in the Senate bill (and not included in the House amendment) is "(6) to own, hold, or control any security of any subsidiary company" of the particular holding company if such subsidiary company does any of the other acts specified in the subsection. This provision is included in the substitute agreed upon, modified so that the words "own, hold, or control" are changed to "own, control, or hold with power to vote", to make the language conform to that used in several places in section 2.

Section 5

Section 5 (b) of both the Senate bill and the House amendment contain requirements as to information to be contained in registration statements. Paragraphs (E) and (F) of the Senate subsection require the giving of certain information, including the names of security holders owning, holding, or controlling 1 percent or more of any class of security, remuneration of more than $10,000 per annum to persons other than officers and directors. These paragraphs are not included in the substitute agreed upon, since the Commission can obtain the information under the general authority contained in paragraph (3). There is also included in the substitute paragraph (K) from the Senate bill, providing for the furnishing of profit and loss statements for not more than 5 preceding fiscal years. The substitute contains another provison from the Senate bill expressly authorizing the Commission to permit the filing of a preliminary registration statement without complying with the requirements of subsection (b), but requiring a complete statement within a reasonable time to be fixed by the Commission.

Section 6

Section 6 (a) of both the Senate bill and the House amendment require Commission approval to be obtained for the issuance and sale of securities and the exercise of privileges and rights to alter priorities, preferences, voting power, or other rights of holders of outstanding securities. The Senate subsection applies to any registered holding company or subsidiary company thereof, while the House amendment applies to any registered holding company and to any subsidiary company thereof which is a public-utility company the issuance of whose securities is not subject to regulation by a State commission or State securities commission. The substitute agreed upon is the language of the Senate bill, which is qualified by a provision in section 6 (b) which directs the Commission to exempt the issue of securities by subsidiary companies in cases where holding-company abuses are unlikely to exist.

The Senate bill (sec. 6 (c)) makes it unlawful for any registered holding company or any subsidiary company thereof to sell, or offer for sale, from house to house, any security of such registered holding company. This provision is carried in the substitute agreed upon, combined with section 6 (c) of the House amendment and modified somewhat so as more nearly to express the policy intended.

Section 7

Under section 7 (c) of the Senate bill the Commission may not approve the issue or sale of bonds by a registered holding company unless such bonds are secured by a first lien on physical property of the company, or by an obligation of a subsidiary company thereof secured by a first lien on physical property of such subsidiary company. Under the House amendment such bonds must be adequately secured by a lien on assets of the holding company. The substitute agreed upon accepts the Senate provision with an amendment permitting such bonds to be secured by other assets of a type and character considered by the Commission to be appropriate in the public interest or for the protection of investors or consumers.

The House amendment contains a paragraph (sec. 7 (c) (3)) exempting from the restrictions as to the issue and sale of securities any security the issuance of which was authorized by the company before January 1, 1935. The substitute agreed upon retains this provision, but it is modified to apply only to a security the issuance of which was authorized before January 1, 1935, and which the Commission authorizes as necessary or appropriate in the public interest or for the protection of investors or consumers.

The Senate bill provides (sec. 7 (f)) that securities are to be issued subject to terms and conditions to be prescribed by rules and regulations of the Commission, and goes into detail with respect to what such terms and conditions may require. The House amendment contains no such provision. The substitute agreed to in conference authorizes the Commission to prescribe terms and conditions to assure compliance with the conditions specified in the section.

The Senate bill provides (sec. 7 (g)) that a declaration regarding the issuance of a security shall not become effective, if subject to the jurisdiction of a State commission or State securities commission, unless it is shown that applicable State laws have been complied with. This provision is not contained in the House amendment. The substitute agreed to contains a provision similar to that contained in the Senate bill, modified somewhat for the purpose of relieving the Commission of some of the administrative burden involved.

Section 9

Section 9 (a) of the Senate bill provides that it shall be unlawful for any registered holding company or any subsidiary company thereof to acquire any securities or capital assets of another company, unless with the approval of the Commission under section 10. The House amendment contains the same provision except that the prohibition applies also to acquiring "any other interest in any business." The substitute agreed upon contains the House provision.

Section 9 (a) of the Senate bill also makes it unlawful, except with the approval of the Commission, under section 10, for any person who is an affiliate, under clause (A) or (B) of paragraph (11) of subsection (a) of section 2, of a registered holding company or any subsidiary company thereof, to acquire any securities or capital assets of such company of which it is an affiliate; and such provision also makes it unlawful for any person (by use of the mails or instrumentalities of interstate commerce) to acquire 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. These provisions are not included in the House amendment. The substitute agreed upon in conference dropped the first provision above mentioned of the

Senate bill and accepted the second provision with an amendment making the provision applicable only in case of a person who is or becomes an affiliate under clause (A) of paragraph (11) of subsection (a) of section 2 of more than one public utility or holding company.

Section 10

Section 10 (a) specifies information to be included in an application for the approval of the acquisition of securities or capital assets ("utility assets" in the House amendment) and in the Senate bill (but not in the House amendment) requires profit-and-loss statements of the company for not more than the 5 preceding fiscal years. This requirement is included in the substitute agreed upon in conference.

Under subsection (c) of the Senate section the Commission is directed not to approve the acquisition of securities or capital assets of a public-utility or holding company unless (1) such acquisition will serve the public interest by simplifying the corporate structure of the holding company system, or (2) the applicant has obtained from the Federal Power Commission a certificate that the acquisition will serve the public interest by tending toward the economical and efficient development of a geographically and economically integrated public-utility system. Under the House amendment the Commission is not to approve the acquisition unless it will serve the public interest by tending toward the economical and efficient development of an integrated public-utility system; and the requirement of approval is not to apply to the acquisition of securities or utility assets of a public-utility company operating exclusively outside the United States. The substitute agreed upon accepts the House provisions, with amendments which authorize the Commission to disapprove acquisitions detrimental to the proper functioning of a holding company system or detrimental to the carrying out of the provisions of section 11. These amendments were accepted in lieu of the corresponding provisions in section 8 of the Senate bill.

Section 11

Under the Senate bill (sec. 11 (b)) the Commission is directed to require, after January 1, 1938, each holding company system to be reduced to one 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 is further directed to require, after January 1, 1938, holding companies and their subsidiaries to be reorganized or dissolved when the Commission finds undue or unnecessary complications in the structure of the holding company system, or unfair or inequitable distribution of voting power, or certain conditions detrimental to the proper functioning of a single geographically and economically integrated public-utility system. The Commission is also directed to require, promptly after January 1, 1940, each registered holding company to take such steps as the Commission finds necessary or appropriate to make such company cease to be a holding company; this provision being subject to the exception that a company may be permitted to be a holding company in the first degree where the existence of the holding company relation is necessary, under State or foreign law, for the operations of a geographically and economically integrated public-utility system serving an economic region in a limited area.

Under the House amendment (sec. 11 (b)) the Commission is directed to require each holding-company system to reduce its operations to one integrated public-utility system (a defined term meaning substantially the same as "geographically and economically integrated public-utility system", the term used in the Senate bill), with the exception, however, that if the Commission finds that it is not necessary in the public interest to limit the operations of the system to one integrated public-utility system, it is to require such action as is necessary to limit the operations of the system to such number of integrated public-utility systems as it finds may be included in the holding-company system consistently with the public interest. The Commission may not, however, require divestment of interests in or control over persons or property other than a public-utility company or the utility assets of a public-utility company unless it finds that such interest or control may not be retained consistently with the public interest, and may not require divestment of interests in or control over persons doing business exclusively outside the United States or property located outside the United States. The Commission is under the duty (sec. 11 (c)) to compel this action after January 1, 1938.

The substitute agreed to, with respect to the question of integrated public-utility systems, provides that the Commission shall as soon as practicable after January 1, 1938, require each holding-company system to be limited to a single integrated public-utility system and to such other businesses as are reasonably incidental or economically necessary or appropriate to the operation of such integrated system, but includes an exception. This exception provides that the Commission shall permit additional integrated systems, if it finds that (1) each such additional system cannot be operated as an independent system without the loss of substantial economies which can be secured by the retention of control by the holding company, (2) all such additional systems are located in a restricted area, and (3) the continued combination of such systems under the control of one holding company is not so large as to impair the advantages of localized management, efficient operation, or the effectiveness of regulation. The Commission is given express authority to permit as reasonably incidental or economically necessary or appropriate to the operations of an integrated system the retention of any business, other than a public utility as such, which the Commission finds necessary or appropriate in the public interest or for the protection of investors or consumers and not detrimental to the proper functioning of the system.

The substitute contains a provision which is not in the House amendment but which deals with the same subject matter as paragraph (2) of subsection (b) of the Senate bill, directing the Commission to require each registered holding company and each subsidiary company thereof to take steps necessary to insure that the corporate structure or continued existence of any company in the holding-company system does not unduly or unnecessarily complicate the structure or unfairly or inequitably distribute voting power among security holders of the holding-company system.

Paragraph (3) of subsection (b) of the Senate bill is not included in the substitute, but there is included a mandatory provision requiring the Commission to cause each holding company, and each company in the same holding-company system, to take such action as the Commission finds necessary in order that such holding company shall cease to be a holding company with respect to each of its subsidiary companies which itself has a subsidiary company which is a holding company. The effect of this is to require holding companies to cease to be holding companies beyond the second degree. The substitute contains another relaxation from the Senate provision in that it provides that the Commission may not require any change in the corporate structure or existence of any company which is not a holding company or of any company whose principal business is that of a public-utility company, except where such action is for the purpose of fairly and equitably distributing voting power among the security holders of such company.

It may be observed that section 11 (b) in both the Senate bill and the House amendment contemplates the reestablishment of the advantages of localized management in the operating utility industry and the consequently necessary break-down of the control of large holding companies over geographically scattered operating utility companies. Section 11 of both bills, therefore, authorizes the Securities and Exchange Commission to require a holding company to limit its control over operating utility companies to one integrated public-utility system.

To this limitation the Senate bill, like the House bill, allows, in section 3, exceptions in the case of a holding company whose interests are essentially intrastate and in the case of a holding company whose interests are essentially foreign. The House amendment grants what amounts to a further exception when the Commission finds that more than one integrated system may be included in a holding-company system "consistently with the public interest."

The conference substitute meets the House desire to provide for further flexibility by the statement of additional definite and concrete circumstances under which exception should be made to the norm of one integrated system. Definite exceptions not only provide a satisfactory constitutional standard but also an effective standard for the guidance of both the Securities and Exchange Commission and those holding companies which wish voluntarily to comply with congressional policy.

The substitute, therefore, makes provision to meet the situation where a holding company can show a real economic need on the part of additional integrated systems for permitting the holding company to keep these additional systems under localized management with a principal integrated system. Under such circumstances the Commission is directed to permit the holding company to retain control of such additional systems, even though not physically integrated with the principal system, provided all such integrated systems are located in the same State or States, or in adjoining States or a contiguous foreign country.

The remaining provisions of section 11 in both the Senate bill and the House amendment are mainly administrative provisions outlining the court procedure for the enforcement of the Commission's orders under this section and procedure for voluntary action on the part of the companies to comply with the requirements of the section. The Senate provisions spell out this court procedure in much more detail than the House provisions. The substitute provisions follow the Senate bill with certain amendments and omissions.

Section 12

Section 12 (g) of the Senate bill makes it unlawful for any affiliate of any public-utility company, by use of the mails or instrumentalities of interstate commerce, or for any affiliate of a public-utility company engaged in interstate commerce, by any means, to enter into or take any step in the performance of any transaction not otherwise unlawful under the title, with any such company of which it is an affiliate, in contravention of the regulations of the Commission regarding reports, accounts, costs, maintenance of competitive conditions, and other matters. This provision is not contained in the House amendment. The substitute contains this provision with a slight amendment.

Section 13

Section 13 of both the Senate bill and the House amendment provide for regulation of the making and performance of service, sales, and construction contracts. The Senate bill would require the setting up of mutual-service companies (to be approved by the Federal Power Commission) for the performance of such contracts for the public-utility companies of any holding company system, such contracts to be performed at cost by such mutual-service companies; and such public-utility companies would not be permitted to enter into such contracts with any other company engaged in the business of performing such contracts if such business is conducted as a cooperative, mutual, or nonprofit

enterprise, or with any other company in the same holding company system. The House amendment is similar to the Senate bill in that it prohibits any registered holding company from performing such contracts for public-utility companies in the same holding company system. It omits all provisions regarding mutual service companies, and administration is under the Securities and Exchange Commission. It provides that it shall be unlawful for any subsidiary company of a registered holding company to enter into or perform such contracts with any other company in the same holding company system in contravention of such rules and regulations or orders as the Commission prescribes as necessary or appropriate in the public interest or for the protection of investors, regarding the consideration to be paid, and the other terms of such contracts, accounts, reports, costs, competitive bidding, disclosure of interest, and similar matters. The substitute agreed upon is a compromise which is intended to require intra-system contracts to be performed efficiently and economically at cost, fairly and equitably allocated among the companies served, and provides machinery for the setting up of mutual service companies, although the inflexible statutory requirement of the Senate bill that all such contracts be performed by mutual service companies was omitted.

The Senate bill (sec. 13 (c)) contains a provision, not contained in the House amendment, subjecting to Federal Power Commission control the entering into and performance of service, sales, and construction contracts by affiliates of public-utility companies or affiliates of holding companies or their subsidiary companies, by which any such affiliate is to perform services or construction work for, or sell goods to, any such company of which it is an affiliate. The substitute agreed upon gives the Securities and Exchange Commission power to prevent the circumvention of the act by use of affiliates.

Section 15

Section 15 (e) of the Senate bill authorizes the prescribing of uniform methods of keeping accounts required to be kept under subsections (a) to (d), inclusive, of the section, specifying that the methods prescribed may relate to the manner in which the cost of assets shall be shown, the methods of classifying and segregating accounts, and the manner in which cost-accounting procedures shall be maintained. This provision, which is not contained in the House amendment, was substantially agreed to in the substitute.

Section 17

Section 17 (c) of the Senate bill contains a provision, not contained in the House amendment, declaring that no registered holding company or subsidiary company thereof shall have, as an officer or director, any executive officer, or other official or representative of a bank, trust company, investment banker, or banking association or firm, or of a corporation a majority of whose voting stock is owned by any bank, trust company, investment banker, or banking association or firm. The substitute agreed upon in conference accepts the provision of the Senate bill with an amendment giving the Commission power by rules and regulations to make appropriate exemptions.

Section 30

Section 30 of the Senate bill authorizes the Federal Power Commission to make studies and investigations of public-utility companies, to 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 efficiently and economically 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; and the Federal Power Commission is directed to make public from time to time its recommendations as to the type and size of public-utility systems which can best promote and harmonize the interests of the public, the investor, and the consumer. The Commission is further authorized and directed to make a study of the functions and activities of investment trusts and investment companies and to report the results of its study to Congress on or before January 4, 1936. No such provisions are included in the House amendment. The substitute was agreed upon with an amendment substituting the Securities and Exchange Commission for the Federal Power Commission.

TITLE II

The Senate bill included national monuments and national parks in the definition of "reservations" in section 201 amending section 3 of the Federal Water Power Act, but the House amendment excluded national monuments and national parks in conformity with the act of 1921. While the definition of "licensee" is identical in each bill, a clerical error appears to have been made in this provision. It is clear that States and municipalities may be licensed under section 4 of the Federal Water Power Act and hence come within the definition of "licensee." In this section and in section 202, the adjective "reasonable" was added by the House to the actual legitimate original cost of licensed projects. The Commission has interpreted the Federal Water Power Act as requiring that all costs allowed must have been reasonably incurred. In view of this long-continued interpretation, it is felt that the inclusion of the word "reasonable" as a further qualification on the cost of licensed projects might at this late date cast doubt upon the Commission interpretation. For that reason, the amendment of the House has not been adopted in the substitute.

The Senate bill provided that the Commission upon its own motion could order an investigation of any occupancy of, or evidenced intention to occupy, "for the purpose of developing electric power", public lands or navigable and other streams, and the words just quoted have been included in the substitute in section 202 amending section 4 (g). In the same subsection the House amendment refers to the "water" resources of the region, and the Senate bill to the "water power resources of the Nation." The substitute adopts the phrase, "water-power resources of the region."

In section 7 of the Federal Water Power Act, as amended by section 205 of the bill, the Federal Power Commission is directed to consider the development of the "water-power resources of the region" in which hydroelectric projects are to be located. In the House amendment this is broadened to consideration of development of the "water resources of the region", and the broader language is incorporated in the conference substitute.

Section 206 (e) of the Senate bill requires approval of the Secretary of the Interior or of the appropriate Indian tribe in fixing annual charges for the use of public lands or lands within an Indian reservation. The House amendment did not carry this provision, but it has been incorporated in the conference substitute.

Section 23 (b), as carried in section 210 of the Senate bill, provided that it should be unlawful for any person "for the purpose of developing electric power", to construct dams or other works on navigable waters or public lands or "to utilize" surplus water or water power from any Government dam except under a license or other authority granted prior to 1920. The words quoted were not in the House amendment, but are incorporated in the conference substitute, with the addition that works "incidental thereto" come within the prohibition.

Section 213 adds parts II and III to the present Federal Water Power Act. In the discussion below references are to sections carried in these two new parts.

PART II

The Senate bill in section 201(a) contained a somewhat more lengthy declaration of policy than the House amendment, the only material difference being that the House amendment contained no reference to "generation" of electric energy which appeared in the Senate bill. The conference substitute follows the language of the House amendment but inserts a clause relating to generation to the extent regulation thereof is provided for in this part and the part next following. The House amendment and conference substitute also make reference to the "sale of electric energy at wholesale in interstate commerce" which reference did not appear in the Senate bill. The same general differences between the Senate bill and the House amendment also appear in section 201(b) and the language of the House amendment has been followed with a clarifying phrase added to remove any doubt as to the Commission's jurisdiction over facilities used for the generation and local distribution of electric energy to the extent provided in other sections of this part and the part next following.

The House amendment to section 202(a) constituted in part a restatement in modified language of similar provisions of the Senate bill. The House amendment also authorized the Commission to modify the boundaries of regional districts when in its judgment the public interest so required. The House amendment placed a positive duty upon the Commission to promote and encourage voluntary interconnection. The House amendment with minor modifications is adopted in the conference substitute.

The Senate bill by subsection (c) of section 202 authorized the Commission to require interconnection for emergency purposes. The House amendment authorized emergency interstate interconnection or permanent interstate interconnection for emergency use only without subjecting such companies to the other provisions of the act. The conference substitute contains both provisions.

The Senate bill, section 203 (a), provided that a public utility could not dispose of its interstate facilities or any part thereof of a value in excess of $25,000 without Commission order, and in the following subsection required a Commission order for the acquisition of any security of any other public utility. The House amendment combined these two subsections, required Commission approval where the value is $100,000 or more, and required a hearing upon any application for such approval. The conference substitute follows the House amendment but reduces the amount of the exemption to $50,000 and requires opportunity for hearing rather than compulsory hearing in every instance. The Senate bill authorized the Commission to attach conditions which would avoid the creation of relationships detrimental to the public interests or the interests of investors or consumers. These two latter provisions were omitted from the House amendment. The conference substitute omits the former but adopts the latter provision.

Subsection (h) of section 204 in the House amendment exempted from the provisions of the Securities Act of 1933 and sections 12 and 13 of the Securities and Exchange Act of 1934 security issues passed upon by the Federal Power Commission under this act. This was not in the Senate bill, and the conference substitute simply permits filing of duplicate copies of reports with the Securities and Exchange Commission.

In section 305, the House amendment omits licensees from the provisions relating to officials dealing in securities and interlocking directorates. In subsection (b) the House amendment adds to the prohibited class of interlocking directorates, officers, and directors of banks underwriting or participating in the marketing

of securities of a public utility or similar positions in electrical equipment supply companies.

In subsection (a) of section 318, in which conflicts of jurisdiction between the Securities and Exchange Commission and the Federal Power Commission under this bill are resolved in favor of the former, the House amendment adds to such matters of conflict the assumption of obligation or liability in respect of a security. The conference substitute is enlarged to include any conflict arising under this bill.

Subsection (b) of section 318, in the House amendment, excluded Federal regulation, as provided in the two new parts added to the Power Act, of any matter as to which there is authority in a State commission. This subsection in the Senate bill provided that an interstate public-utility company shall not by this act be relieved from compliance with State laws. The conference substitute omits this subsection.

SAM RAYBURN,
GEORGE HUDDLESTON,
CLARENCE LEA,
Managers on the part of the House.

Mr. RAYBURN. Mr. Speaker, I have no desire to detain the House. I know how important time is at this hour of the day in the last day of the session. Members of the House have had opportunity to have in their possession for the last 2 hours a copy of this conference report. It is noted on the first page that it is the committee print, uncorrected and unrevised. However, I have looked over a revised copy of this matter and every change that has been made in the report that lies on the Speaker's table is noted in the copy of the committee print, except for two things to which I shall call attention.

On page 16 in subparagraph 2 of section 9 (a) in the committee print occurs the word "or (B)" after the word "clause (A)." The word "or (B)" should be stricken out. Then on page 24 of the committee print in subsection (i) occur the words "Federal Power Commission." Members of the conference committee will remember that in title I, wherever the term "Federal Power Commission" was used, it was agreed that it should be stricken out, and "the Commission" used, which means the Security Exchange Commission.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. MARTIN of Colorado. It is a matter of punctuation. On page 3, section 2, paragraph (3), in "(B)" there are two semicolons. They seem to me to disjoint the paragraph. It seems to me those semicolons ought to be commas. Then there is a comma between the two semicolons which does not hook up exactly right. I find that paragraph confusing the way it is punctuated.

Mr. RAYBURN. It is too late to do anything about that, if there is anything the matter with it. The Senate has also filed its report. This report I think is pretty well understood by the Members of the House.

I do want to say this for the conferees on the part of the House and also on the part of the Senate, especially after we had our fight here in the House the other day, when some matters which were highly controversial were settled. I have never seen a finer spirit of cooperation among conferees in my life, with a disposition to give and take. They were real conferees to the extent that I think the House has brought back a fair bill and a workable bill, one that contains the best meat which is in the Senate and the House bills.

I reserve the remainder of my time, because I want to say a word in closing, and yield 5 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Speaker, I have no desire to delay consideration of this conference report. I realize that probably every Member of this House has his mind made up as to how he is going to vote, but I shall take 1 or 2 minutes to express my last thoughts on this important legislation, which has been before Congress for many months.

Under the provisions of section 11 we declare to the country that Congress is embarking on a new economic policy in relation to industry and business, a policy which goes to the extreme length of Government dictatorship over private industry and business, a policy which permits Federal authority to dissolve and liquidate the property of American citizens, which property was acquired lawfully, without any regard to the losses those citizens may sustain. It is hard for me to believe that this Congress approves of any such unjust, un-American policy as this, which will bring loss to millions of citizens who have invested their money in utility securities.

If section 11 of both bills had been stricken out, and the other part adopted, we would then have enacted into law the most drastic regulatory provisions over industry and business that had ever been adopted by the American Congress. However, section 11 goes far beyond regulations, and does permit destruction.

Before I sit down, I must pay my compliments to the chairman of the committee, Mr. RAYBURN. I believe every Member of the House realizes the tremendous pressure which has been brought to bear upon him as chairman of this committee. If my memory serves me right, it was during the first week of February that the committee took this bill under consideration, and after months of public hearings and executive sessions, we brought the bill to the House, and during all that time, until the vote was finally taken, I think everyone must realize the tremendous pressure that was brought to bear upon the chairman of this committee.

Through it all, he has been a gentleman. He has been a man. Surely, we have not agreed on all things, but when we disagreed he has met us with a smile. I could not let this opportunity go by without paying my compliments to the chairman of this committee.

I also want to pay my compliments to the other members of the committee, especially to my Republican colleagues, who have assisted me in every way they could in my humble effort, which has been unsuccessful, I can see, to strike out the destructive features of this bill. I am for regulation. I do not believe we can go too far in strict and drastic regulation of the utility industry.

I do not want to take my seat until I pay my respects and compliments to one member of this committee, one member who has exhibited more courage than I have ever seen exhibited by any Member of Congress since I have been a Member of this body. Laboring under physical handicap at all times, yet he stood on this floor and expressed, without fear or favor, his honest, sincere convictions, and fought for a principle that he believed was right. I cannot help but believe that every Member on the Democratic side, even though they disagree with him, will hold him not only in admiration and esteem, but today they love him because he is a man. I refer to our friend and colleague, Mr. HUDDLESTON, of Alabama. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, at this propitious moment I yield 5 minutes to the gentleman from Alabama [Mr. HUDDLESTON]. [Applause.]

Mr. HUDDLESTON. Mr. Speaker, I thank my friend, Mr. COOPER, for his kindness and generosity.

It is my purpose to say only a few words on this report. I do so only because it seems incumbent upon me at this time.

This bill has two purposes. First, to regulate the holding companies, and, second, to limit their activities and to deal with their corporate structures. With the first of those purposes I am in hearty accord. The regulation of holding companies has been only too long delayed. Had this bill proposed regulation merely, reasonable, fair, and proper regulation, I feel confident there would not have been 50 votes against it in the House and it would have been passed long ago.

The second of these purposes to which I have referred is expressed in section 11 of the bill. The first of the purposes—regulation—was to redeem the pledge of the Democratic platform of 1932. As to the second purpose, it was an afterthought, and had no proper place in any regulatory bill. The bill as originally drawn had no section 11 and there was no purpose in it to deal either with the possessions or with the structures of the holding companies. It was designed merely to regulate them. As a regulatory measure it was incredibly drastic. I am conservative in saying that it was, and this bill as now presented is the most

drastic and extreme measure of regulation ever offered in an American legislative body.

I have joined in the report of the conferees. In doing so, as far as the provisions of section 11 are concerned, I was constrained by the instruction given by the House. Never under any other circumstances would I have agreed to any such provisions as are carried in that section. [Applause.]

The regulatory provisions of this bill are drastic, far more extreme than they should be. I would never have agreed to some of the provisions found in the regulatory part of the bill had I not felt that the House by instructing the adoption of section 11 had swallowed the camel, and that it would be foolish on my part to expect the House to sustain me in straining at some of the repulsive gnats that I found in the regulatory sections. [Applause and laughter.]

The Members want to adjourn. I want to adjourn. We are tired. I am desperately tired. All of us are worn to death. I want to get back to my own green hills of Alabama, where I can be with my friends. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. HUDDLESTON. I do not desire to delay the adjournment of this body. I would not halt it for a moment. So that I signed the conference report for the purpose of enabling this matter to be presented to the House and to be brought to a conclusion, but with no intention whatever of voting for such a bill as was the product of the conference. I could not vote for it in good conscience.

From my point of view, the House stultified itself in instructing the conferees to accept the proposal made on section 11. That I cannot approve. I trust it will not work out as badly as I fear it will. I have had a great deal of experience in life. As the fruit of that experience I have learned that nothing ever turns out as good as its friends hope that it will, nor as bad as those who oppose it fear that it will. I am hoping that my judgment is not accurate in the belief I entertain that this measure will produce serious detrimental consequences to the people of the United States.

The SPEAKER. The time of the gentleman from Alabama has again expired.

Mr. RAYBURN. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, I do not care to take up the time of the House, but I wish to say in reply to the gentleman from Ohio [Mr. COOPER] that instead of this measure depriving people of their property, as he suggests, it is going to protect thousands of investors in operating utility companies from being robbed by these utility racketeers.

It is going to help protect the American people who today are being overcharged $1,000,000,000 a year for electric light and power.

The gentleman from Alabama [Mr. HUDDLESTON] talks about this bill being too extreme. My only objection to it is that it is not extreme enough. I want to wring the hands of these racketeers from the throats of the American people who pay these exorbitant burdens for electric light and power, as well as the ones who are being robbed through the sale of worthless watered stocks.

As I have pointed out, the people of the State of New York are being overcharged more than $127,000,000 a year for electric light and power, and this is not in comparison with T. V. A.'s rates, but is in comparison with Tacoma, Wash., rates, which I shall insert in the RECORD at this point, and which rates are absolutely sound. Tacoma has a public plant worth $23,000,000. Last year that plant had a gross revenue of $1,940,994, and paid $145,575 in taxes; gave the city of Tacoma $200,545 worth of free service; set aside for depreciation $400,053; paid interest on its indebtedness amounting to $435,322, and still made a net profit of $508,190, and at the same time gave to the people of Tacoma the lowest light and power rates in the United States.

In a few years the people of Tacoma will have their plant entirely paid out and can reduce their rates to about one-half of what they are now paying.

According to the Tacoma rates the people of Maine are overcharged $5,229,000 a year.

The people of New Hampshire are overcharged $3,459,000 a year.

The people of Vermont and Rhode Island are overcharged $8,367,000 a year.

The people of Massachusetts are overcharged $37,557,000 a year.

The people of Connecticut are overcharged $14,397,000 a year.

The people of New York are overcharged $127,618,000 a year.

The people of New Jersey are overcharged $39,563,000 a year.

The people of Pennsylvania are overcharged $74,907,000 a year.

The people of Ohio are overcharged $47,529,000 a year.

The people of Indiana are overcharged $19,189,000 a year.

The people of Illinois are overcharged $59,261,000 a year.

The people of Michigan are overcharged $33,768,000 a year.

The people of Wisconsin are overcharged $17,787,000 a year.

The people of Minnesota are overcharged $13,911,000 a year.

The people of Iowa are overcharged $11,808,000 a year.

The people of Missouri are overcharged $20,249,000 a year.

The people of North Dakota are overcharged $1,860,000 a year.

The people of South Dakota are overcharged $2,345,000 a year.

The people of Nebraska are overcharged $6,770,000 a year.

The people of Kansas are overcharged $8,954,000 a year.

The people of Delaware, District of Columbia, Maryland, and West Virginia are overcharged $24,762,000 a year.

The people of Virginia are overcharged $9,698,000 a year.

The people of North Carolina are overcharged $11,653,000 a year.

The people of South Carolina are overcharged $6,292,000 a year.

The people of Georgia are overcharged $9,900,000 a year.

The people of Florida are overcharged $8,465,000 a year.

The people of Kentucky are overcharged $8,398,000 a year.

The people of Tennessee are overcharged $10,201,000 a year.

The people of Alabama are overcharged $6,344,000 a year.

The people of Mississippi are overcharged $4,117,000 a year.

The people of Arkansas are overcharged $4,211,000 a year.

The people of Louisiana are overcharged $7,477,000 a year.

The people of Oklahoma are overcharged $8,946,000 a year.

The people of Texas are overcharged $24,922,000 a year.

The people of Montana and Utah are overcharged $6,589,000 a year.

The people of Idaho are overcharged $2,789,000 a year.

The people of Wyoming are overcharged $1,323,000 a year.

The people of Colorado are overcharged $6,461,000 a year.

The people of Arizona and New Mexico are overcharged $4,344,000 a year.

The people of Nevada are overcharged $1,046,000 a year.

The people of Washington are overcharged $11,661,000 a year.

The people of Oregon are overcharged $6,510,000 a year.

The people of California are overcharged $50,947,000 a year.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I decline to yield to the gentleman from Pennsylvania [Mr. RICH] but call attention to the fact that the people of the State of Pennsylvania are overcharged $74,907,000 a year; the people of Alabama, the home State of Mr. HUDDLESTON are overcharged $6,344,000 a year and the people of the State of Ohio, Mr. COOPER's State, are overcharged $47,529,000 a year. In Indiana, the home State of Mr. PETTENGILL, they are overcharged $19,187,000; in Georgia, $9,900,000.

This bill will help to bring relief to the people who bear these enormous burdens, and to protect them from such outrages in the years to come. [Applause.]

Mr. RAYBURN. Mr. Speaker, I yield 3 minutes to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Speaker, I was one of 59 Members of the House who day before yesterday voted for the compromise in connection with the holding company legislation.

Mr. Speaker, I desire at this time to read a telegram received yesterday by myself, as well as by the other 58 Members, from Mr. Hugh S. Magill, president of the American Federation of Utility Investors. The telegram reads:

This is a telegram addressed to those Members of Congress who previously had voted their convictions on the utility bill and who yesterday reversed their positions. We appeal on behalf of millions of the American electorate who have invested their savings in utility securities that you return to your previous support of the rights of your investor constituents. Your vote of yesterday can be interpreted by investors only as surrender to political expediency after your convictions had already been publicly recorded, not once but several times. We also appeal to the fair-mindedness and political courage which you demonstrated three times previously to reassert your position and place principle above politics, to hold fast to utility regulation, and to oppose utility destruction.

Such a message is unfair and is rightfully resented by those of us who have felt our position in regard to our opposition to the "death sentence" has been consistent throughout. May I say in the very few seconds remaining to me that since the first I have favored regulation, and the strictest type of regulation, for public-utility holding companies. I voted against the death clause in the original bill that was stricken from the House measure, and then I supported the House legislation. I sincerely wanted, as I believe the large majority of the membership of this House wanted, to see a bill enacted that would regulate and not ruin, yet still protect the investing public. I continued to vote against the death clause on subsequent roll calls.

The compromise which I supported allows holding companies their day in court; they are to be given a hearing, they are given an opportunity for judicial review. I consistently opposed the destruction of this great industry and loss to the investor, who even in the opinion of David Lawrence, foe of this administration, will not be affected under the new bill. I believe by voting for the compromise that we will give this great public-utility industry a chance to reform itself from within and enjoy the confidence of the American people. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. I have not taken very much time of the House on this important bill and would not say anything now had not the gentleman from West Virginia [Mr. RANDOLPH] read the telegram from the superlobbyist, Magill, whom I doubt has a single dollar invested in the bonds or stocks of any of these utilities. He so testified, I believe, before our committee, and I am satisfied that he is nothing more nor less than a professional lobbyist who has obtained a great deal of money from people by misrepresentation. I think a telegram from a publicity-seeking man of his caliber never should have been read on the floor of the House. [Applause.]

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. KVALE. The gentleman evidently is not disturbed about Mr. Magill's criticism and his appeal to put principle about politics.

Mr. SABATH. I assure the gentleman that I am not, but the people generally do not know who he is. May I say for those unacquainted with this man Magill that he has had a checkered career. At one time he was field secretary of the National Educational Association. Then, I understand, he was secretary of the National Editorial Association and, it is my further understanding, that he was dismissed from both. I do not know what his occupation, if any, was, but as he testified on July 25, 1935, before the Rules Committee, which has been investigating the $10,000,000 utility holding lobby, he organized the American Federation of Utility Investors to conduct an organized propaganda against this legislation and through clever methods obtained from the unfortunate stockholders the sum of $50,000 on the pretense that he is protecting their interests. How much more he has received from the holding companies or the corporations, we have not as yet been able to ascertain. However, he admitted on the stand that he prepared many articles, statements, pamphlets, and letters which carried the most scurrilous and contemptible attacks upon the President and some of the membership of this House.

No respectable man or man of honor would stoop to such a low level. Personally, I do not have any special regard for the dollar-grabbing publicist or lobbyist, but never have I had more contempt for one of either kind and never to the extent in which I hold this man. I know that even the Members of the House who voted against the "death sentence", which he so viciously assailed with the intent to defeat the legislation, resented, and resent now, his unmanly attacks. I only regret that time will not allow me to give you this man Magill's complete biography, but I commend to your attention his testimony before the Committee on Rules, in which testimony he exhibited himself in the true light as a contemptible blatherskite of the first water. He has undoubtedly proved himself to be as untrustworthy, as wicked, and shamefully selfish as any of the other superlobbyists who have infested the Capital. However, as soon as the Committee on Rules resumes its investigation I shall have him recalled and go more fully into his various activities.

Mr. Speaker, I feel it is the right of any man to criticize any legislation; but I resent and condemn a man who has no interest in a matter who, for a few paltry thousand dollars, will lend himself to assail men who honestly try to pass legislation in the interest of the people. And especially do I resent and condemn men who, deliberately and without reason, attack the President of the United States.

Unfortunately, Magill has not alone been guilty of disseminating these vicious attacks with the intent to defeat this legislation, but beyond question he is the arch slanderer and vilifier among all the clique of vicious propagandists and lobbyists that have come to my notice. [Applause.]

Mr. RAYBURN. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Speaker, in that my time is so limited, I want to ask unanimous consent that a letter addressed to Wendell L. Willkie by one of my constituents, Mr. C. T. Graydon, who is an outstanding attorney in my district, be read in my time.

This letter so completely expresses my views on this most important subject that I am sure that I would not be able in the time allotted me to express my views nearly so well as they are expressed in this letter.

The Clerk read as follows:

AUGUST 21, 1935.

Mr. WENDELL L. WILLKIE,
President Commonwealth & Southern Corporation,
20 Pine Street, New York City.

DEAR SIR: I received the excerpts from the debate on the Wheeler-Rayburn utilities bill and also your letter, and I presume these things are being paid for out of the money coming from profits of the stockholders. I wish to register my protest against the use of money of the Commonwealth & Southern in any such manner and to state that I consider the acts on the part of the utility companies in attempting to influence the congressional legislature to be unwarranted and an illegal interference with the operation of the Congress of this country.

The records of the Federal Trade Commission show that the amount of debentures issued by the various utility companies of this country over a period far exceed the fixed capital stock of the entire utility holdings. The disclosures before the investigating committee of the National Congress show why for the last few years the stockholders and holders of bonds have not been paid dividends or interest on the obligations. I consider that the practice of watering stock and writing up values, which has been so prevalent among many utility companies, to be an outrageous practice which should not only be condemned by every right-thinking man, but should be stopped by governmental interference if necessary.

Many widows and orphans in my territory have utility securities which have not paid dividends and will never pay dividends, in my opinion, and this hue and cry which is being put up about the loss of their property is an attempt to lock the barn after the horse is gone. I do not know the set-up of the Commonwealth & Southern Corporation and the criticism which I am making generally of the utility corporations may not apply to the corporation in which I own stock but the history of all utilities to date is that all have engaged, more or less, in practices of this kind, and I, as a right-thinking American citizen, condemn such practices. I favor the Wheeler-Rayburn bill for the following reasons:

1. I disagree with Winthrop, Stimson, Putnam, and Roberts; and I believe that the bill is constitutional in that it is an attempt to regulate corporations which are engaging in practices detrimental to the interest of the people at large.

2. I feel that a large number of the securities already issued are worthless and that the widows and orphans will never receive any benefit from such securities, and I am in favor of passing a law that will prevent this occurring in the future.

3. I am in favor of the bill because it was found necessary, at least in some instances, to send fake telegrams, publish newspaper stories which were found not founded in fact, and make statements which were admittedly to arouse passion and prejudice to defeat the bill.

4. I do not believe that numerous holding companies in one organization bode good for the country and those who own stock in the corporation.

5. I therefore have not written my Congressmen against the bill, but have written them in favor of the bill, and I expect to send each of them a copy of this letter for their information.

Yours truly,

C. T. GRAYDON.

Mr. FULMER. Mr. Speaker and gentlemen of the House, I suppose that I have received over 5,000 letters and telegrams from my constituents opposing the Wheeler-Rayburn bill. The great majority of these are form letters and telegrams dictated, written, and—I suppose—sent in by someone other than those whose names are signed thereto.

My friends, I am serving my eighth term in Congress, having been reelected in each instance over from one to two opponents. It is my belief that I have the confidence of my people and have received their support because they know that I am honest, hard working, and that I am standing for and voting for their best interest at all times. I do not believe that there is a Member on the floor of this House that is more deeply concerned about the welfare of the widows and orphans, including the great masses of the people, than am I. I have endeavored to be fair to every line of business and every line of industry in my district during my services in Congress. The serious condition of the country at the time when President Roosevelt took charge, no doubt, was brought about because the administrations serving prior to the election of Mr. Roosevelt and the Congress failed to put a stop to the plundering and the robbing of the people by the various well-organized and well-financed groups of this country. The failure on the part of those in charge, as stated, has permitted the centralization of the wealth of the country in the hands of a few people, while millions of our honest, hard working, and innocent people have been denied a fair standard of living.

Mr. RAYBURN. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Speaker, there is so much in the present bill that ought to become law now that it is very difficult for me to decide what my vote ought to be, in view of the fact that I entertain a very sincere conviction that part of the bill ought not to become law and will be very detrimental to the country.

Now, let us forget that this is a holding-company bill entirely. I do not suppose many of us have a passion or prejudice against the operating companies of the Nation. The part I object to and which I think will seriously curtail expansion, the extension of lines and properties and the reemployment of our idle men, is found in section 11 (b), 2, which gives the Commission the power to require every operating company in the Nation that is a part of a holding-company system to be reorganized for the purpose of redistributing its voting power in any way the Commission may lay down. In other words, the Commission may say with reference to the operating companies of the Nation that voting power now vested in common stockholders shall be transferred in whole or in part to preferred stockholders, bondholders, and debenture holders. With the uncertainty existing as to what the Commission will do with reference to laying down what is a fair and equitable distribution of voting power of the securities of the operating companies of the Nation, I do not see who is going to buy them. When the bond houses of America and the agencies that handle the sales of stocks of operating companies and prospective investors finally analyze this bill and realize there is a question mark as to whether the people who buy the operating-company stocks will be permitted to vote these stocks after they buy them, it is difficult for me to see how this industry can get money to go ahead in the next few years. It is for these reasons, Mr. Speaker, that I am constrained, much against my will, to vote against the bill.

There are of course two answers which may be made to my argument. One is that the Supreme Court of the United States will hold section 11 unconstitutional. The right to vote stocks lawfully issued under the law of the State in which the company is organized is as much a property right as the stock itself. It is an incident of the stock and gives the stock value. Under the fifth amendment of the Constitution of the United States, which provides that "no person shall be deprived of property without due process of law, nor shall private property be taken for public use without just compensation", I will stake my professional reputation as a lawyer that the Supreme Court will not permit the Securities Exchange Commission to take from common stock owners their right to vote their stock.

There is another reason why this is unconstitutional under the "hot oil" and Schechter cases recently decided, and that is that there is no definition in the bill of what is a fair or equitable distribution of voting power. This is as bald a delegation of legislative discretion to an administrative agency as the American Congress has ever placed on the statute books. The responsibility will rest on other shoulders than mine, for again flying in the face of the Supreme Court of the United States and giving the administration another black eye from the Supreme Court. The responsibility for that result will not rest upon the Supreme Court but upon those of us here who vote for the bill.

Despite the fact that what we are doing will have no legal effect, nevertheless investors cannot be expected to buy into a lawsuit and gamble their dollars on court decisions. Only speculators will do that, and the result of the bill may transfer the savings of thrift into the pockets of gamblers.

The second answer to my argument is that the Commission will never undertake to enforce this provision of the bill. But as they are not called upon to act for 2½ years the uncertainty as to what they may or may not do in the future will rest not only upon the stocks of the operating companies of the Nation now outstanding but those which otherwise might be issued.

In other words, Mr. Speaker, as I see the bill, you are going to subject the privately owned operating companies of the Nation to financial starvation.

Even if operating-company stocks can be sold with this uncertainty thrown over them the almost inevitable effect will be that with the greater uncertainty and the greater hazard they can be sold only at an increased dividend and interest rate which will be reflected in an increased cost to the consumer of the utility.

You are, therefore, penalizing the consumer whom you want to help to get cheap light and power; you are frightening the investor; and third, and far more important than all, you are making it more difficult for private industry in the utility field to expand its plant and reabsorb the men who have been pounding the pavements of America for the past 3 or 4 years looking for a job.

There are those who believe in public ownership and the nationalization of this industry. I respect their sincerity. But if we are going to embark on that program, let us do so honestly and openly and without subterfuge. Let us not hide behind the hidden meaning of language, whose effect is not yet understood, to accomplish that objective. Let us not subject the privately owned companies of the Nation to slow financial starvation, and thus make public ownership and nationalization inevitable.

For many long weeks I have tried to make this point plain to the Congress. But unfortunately the bill has gone before the country as a holding-company bill, and it has been difficult for the public to understand that it affects the operating companies equally.

Without arguing the merits of the matter at all at this time, let me point out part of the background behind this provision of the bill. We have first the fact that this bill was sponsored in the United States Senate by a gentleman

who is known to be in favor of the socialization of the industry and who ran for the office of Vice President of the United States on a platform dedicated to that end in the year 1924. We have, second, the far-flung and gigantic plans for the development of power by the Federal Government—Muscle Shoals, Boulder Dam, Grand Coulee, Bonneville, St. Lawrence River, Passamoquoddy, and several others almost as large—aggregating, as I understand, an investment in the long run of taxpayers' money amounting to between two and three billion dollars. We have, third, P. W. A. loans and outright grants to municipalities and publicly owned plants. We have, fourth, the provision in the Federal Water Power Act of some years ago giving the preference to municipalities, counties, and States to dam our navigable rivers for the purpose of erecting hydroelectric plants. We have, fifth, the appointment announced in the papers yesterday to be a member of the Securities Exchange Commission, which will administer this act, of a gentleman from the Puget Sound district who has been connected with a municipal power and light plant and who is, according to newspaper reports, thoroughly committed to the public ownership and socialization of this industry.

As I say, I am not now arguing the merits of that program. But I would be remiss to my duty if I did not do my full part in calling the attention of my colleagues and the country to the provision in this bill to which I now object as a part of that far-flung program. If with full knowledge of the facts the people of the United States want to embark on that program, well and good. As a Democrat, however, and proud of my party, and elected upon a platform which called for the strict regulation of holding companies, but not the destruction of privately owned operating companies, I shall stand on that platform and keep my implied promise to the people who sent me here to represent them. If we are to destroy the operating companies of the Nation, let us do so by honorable struggle in broad daylight and not by a knife in the dark.

I close by repeating now as my last word on a bill which has occupied my sincerest thought for 7 long months, one paragraph of a speech which I made on the floor of the House on June 28 as follows:

> Dissolved or reorganized, not knowing where the voting power in operating companies is finally to rest, how can any operating company in the United States secure money for its extensions, its improvements, the purchase of heavy machinery, in which the great amount of our unemployment exists, and the reabsorption of millions now on the dole? In the next few years what man will buy common stocks of operating companies, not knowing whether the contract under which he buys and invests his savings will be worth a tinker's darn 3 or 5 years from now? What man will buy operating company common stocks or even continue to hold the common stocks he already possesses with this uncertainty whether he will have a voice in the election of the managers and directors of the business in which his investment is made? If any bill could be written which would more completely hamstring and retard the development and growth of the operating companies of this Nation, than the present bill, it is altogether beyond my imagination.

Mr. RAYBURN. Mr. Speaker, I do not entertain the fears of either the gentleman from Alabama or the gentleman from Indiana. We must remember that there are nearly 10,000,000 investors in the stocks of the utilities of this country, and that a vast majority of them are holders of the securities of operating companies and not the holding companies.

Mr. Speaker, this is a drastic regulatory measure. This will cause to cease the operation of many holding companies. I do not believe there are many people, especially within the sound of my voice, who are not perfectly convinced that a great many of the holding companies as they are now set up and as they now operate should go out of business.

Mr. Speaker, I think this is a good bill. I am glad to have had my little part in it, and I thank those on my committee who have been so kind and courteous to me throughout these long and tiring months, and the membership of the House for the consideration they have given me during its consideration on the floor of the House.

Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

Mr. SNELL. Mr. Speaker, on the adoption of the conference report I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 222, nays 112, not voting 96, as follows:

[Roll No. 198]

YEAS—222

Amlie	Drewry	Lea, Calif.	Sabath
Arnold	Driscoll	Lemke	Sadowski
Ayers	Driver	Lesinski	Sanders, La.
Barden	Duffey, Ohio	Lewis, Md.	Sanders, Tex.
Beiter	Duncan	Lloyd	Sandlin
Berlin	Dunn, Pa.	Luckey	Sauthoff
Binderup	Eagle	Ludlow	Schaefer
Bland	Eckert	Lundeen	Schneider
Boileau	Ellenbogen	McClellan	Schulte
Boland	Faddis	McFarlane	Scott
Boykin	Ferguson	McGehee	Sears
Brown, Ga.	Fiesinger	McGrath	Secrest
Brown, Mich.	Fitzpatrick	McReynolds	Sirovich
Brunner	Flannagan	McSwain	Sisson
Buchanan	Fletcher	Mahon	Smith, Va.
Buck	Ford, Calif.	Maloney	South
Buckler, Minn.	Ford, Miss.	Marcantonio	Spence
Buckley, N. Y.	Frey	Martin, Colo.	Stack
Burch	Fuller	Mason	Starnes
Burdick	Fulmer	Massingale	Steagall
Caldwell	Gasque	Maverick	Stefan
Cannon, Mo.	Gearhart	Mead	Sumners, Tex.
Carpenter	Gehrmann	Meeks	Sweeney
Cartwright	Gildea	Miller	Taylor, Colo.
Cary	Gingery	Mitchell, Tenn.	Taylor, S. C.
Castellow	Goldsborough	Monaghan	Terry
Celler	Gray, Ind.	Moran	Thom
Chandler	Gray, Pa.	Moritz	Thomason
Citron	Green	Mott	Tolan
Clark, N. C.	Greenwood	Murdock	Tonry
Coffee	Gregory	Nichols	Turner
Colden	Hancock, N. C.	O'Connell	Umstead
Cole, Md.	Harlan	O'Connor	Utterback
Colmer	Harter	O'Day	Vinson, Ga.
Connery	Healey	Owen	Vinson, Ky.
Cooley	Hildebrandt	Palmisano	Wallgren
Cooper, Tenn.	Hill, Ala.	Parsons	Walter
Costello	Hill, Samuel B.	Patman	Warren
Cravens	Hobbs	Patterson	Wearin
Crosby	Houston	Pearson	Weaver
Cross, Tex.	Hull	Peterson, Fla.	Welch
Crosser, Ohio	Imhoff	Peterson, Ga.	Werner
Crowe	Jacobsen	Pfeifer	West
Cummings	Jenckes, Ind.	Pierce	Whelchel
Daly	Johnson, Okla.	Quinn	White
Dear	Johnson, Tex.	Rabaut	Whittington
Deen	Jones	Ramsay	Wilcox
Dempsey	Keller	Ramspeck	Williams
Dickstein	Kerr	Randolph	Withrow
Dies	Kloeb	Rankin	Wood
Dingell	Kocialkowski	Rayburn	Woodrum
Disney	Kopplemann	Reilly	Young
Dobbins	Kvale	Richards	Zimmerman
Dorsey	Lambertson	Richardson	Zioncheck
Doughton	Lambeth	Robinson, Utah	
Doxey	Larrabee	Ryan	

NAYS—112

Adair	Ekwall	Kennedy, Md.	Rich
Andrews, N. Y.	Engel	Kenney	Risk
Ashbrook	Englebright	Kinzer	Rogers, Mass.
Bacon	Evans	Knutson	Rogers, Okla.
Blackney	Farley	Lehlbach	Russell
Bolton	Fenerty	Lewis, Colo.	Schuetz
Boylan	Focht	Lord	Seger
Brennan	Gavagan	McKeough	Shanley
Burnham	Granfield	McLaughlin	Short
Cannon, Wis.	Greenway	McLean	Smith, Conn.
Carlson	Greever	Mapes	Snell
Carmichael	Griswold	Marshall	Somers, N. Y.
Casey	Guyer	Martin, Mass.	Stewart
Cavicchia	Gwynne	May	Taber
Christianson	Halleck	Merritt, Conn.	Tarver
Church	Hancock, N. Y.	Merritt, N. Y.	Taylor, Tenn.
Cole, N. Y.	Hartley	Michener	Thomas
Cooper, Ohio	Hennings	Millard	Thompson
Crowther	Hess	O'Leary	Tinkham
Culkin	Higgins, Conn.	O'Neal	Turpin
Cullen	Hoeppel	Pettengill	Wadsworth
Darrow	Holmes	Pittenger	Wigglesworth
Delaney	Hope	Plumley	Wilson, La.
Ditter	Huddleston	Polk	Wilson, Pa.
Dondero	Jenkins, Ohio	Powers	Wolcott
Doutrich	Johnson, W. Va.	Ransley	Wolfenden
Duffy, N. Y.	Kahn	Reed, Ill.	Wolverton
Edmiston	Kee	Reed, N. Y.	Woodruff

NOT VOTING—96

Allen	Bankhead	Bloom	Bulwinkle
Andresen	Beam	Boehne	Carter
Andrew, Mass.	Bell	Brewster	Chapman
Arends	Biermann	Brooks	Claiborne
Bacharach	Blanton	Buckbee	Clark, Idaho

Cochran	Gillette	Lucas	Peyser
Collins	Goodwin	McAndrews	Reece
Corning	Haines	McCormack	Robertson
Cox	Hamlin	McGroarty	Robsion, Ky.
Crawford	Hart	McLeod	Rogers, N. H.
Darden	Higgins, Mass.	McMillan	Romjue
DeRouen	Hill, Knute	Maas	Rudd
Dietrich	Hoffman	Mansfield	Scrugham
Dirksen	Hollister	Mitchell, Ill.	Shannon
Dockweiler	Hook	Montague	Smith, Wash.
Dunn, Miss.	Kelly	Montet	Smith, W. Va.
Eaton	Kennedy, N. Y.	Nelson	Snyder
Eicher	Kimball	Norton	Stubbs
Fernandez	Kleberg	O'Brien	Sullivan
Fish	Kniffin	Oliver	Sutphin
Gambrill	Kramer	O'Malley	Thurston
Gassaway	Lamneck	Parks	Tobey
Gifford	Lanham	Patton	Treadway
Gilchrist	Lee, Okla.	Perkins	Underwood

So, the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Blanton (for) with Mr. Corning (against).
Mr. Hamlin (for) with Mr. Kleberg (against).
Mr. Rudd (for) with Mr. Reece (against).
Mr. O'Malley (for) with Mr. Goodwin (against).
Mr. Beirmann (for) with Mr. Buckbee (against).
Mr. Sullivan (for) with Mr. Collins (against).
Mr. Lee of Oklahoma (for) with Mr. Dirksen (against).
Mr. Romjue (for) with Mr. Maas (against).
Mr. Smith of Washington (for) with Mr. Fish (against).
Mr. Hook (for) with Mr. Hollister (against).
Mr. Gillette (for) with Mr. Robsion of Kentucky (against).
Mr. Eicher (for) with Mr. McLeod (against).
Mr. Higgins of Massachusetts (for) with Mr. Hoffman (against).
Mr. Kennedy of New York (for) with Mr. Arends (against).
Mr. Boehne (for) with Mr. Allen (against).
Mr. Brooks (for) with Mr. Eaton (against).
Mr. Stubbs (for) with Mr. Tobey (against).
Mr. Gambrill (for) with Mr. Smith of West Virginia (against).
Mr. Cox (for) with Mr. Bacharach (against).
Mr. DeRouen (for) with Mr. Gifford (against).
Mr. Mansfield (for) with Mr. Treadway (against).
Mr. Haines (for) with Mr. Andrew of Massachusetts (against).
Mr. Kniffin (for) with Mr. Perkins (against).
Mr. Nelson (for) with Mr. Crawford (against).
Mr. Scrugham (for) with Mr. Andresen (against).
Mr. Clark of Idaho (for) with Mr. Hart (against).

General pairs:

Mr. Bloom with Mr. Gilchrist.
Mr. Snyder with Mr. Kimball.
Mr. Robertson with Mr. Brewster.
Mr. Cochran with Mr. Carter.
Mr. Bulwinkle with Mr. Thurston.
Mr. Montague with Mr. Hill, Knute.
Mr. Lanham with Mr. Sutphin.
Mr. Darden with Mr Gassaway.
Mr. Oliver with Mr. Lucas.
Mr. Bankhead with Mr. Rogers of New Hampshire.
Mr. McAndrews with Mr. Patton.
Mr. O'Brien with Mr. Bell.
Mr. Dietrich with Mr. McGroarty.
Mr. McMillan with Mr. Underwood.
Mr. Kelly with Mr. Dockweiler.
Mr. McCormack with Mr. Dunn of Mississippi.
Mr. Fernandez with Mr. Claiborne.
Mr. Beam with Mr. Montet.
Mr. Norton with Mr. Chapman.
Mr. Lamneck with Mr. Mitchell of Illinois.
Mr. Parks with Mr. Peyser.

Mr. CARTWRIGHT changed his vote from "nay" to "yea."

Mr. BOYLAN. Mr. Speaker, the gentlewoman from New Jersey, Mrs. NORTON, is unavoidably absent. If present, she would vote "nay."

Mr. HEALEY. Mr. Speaker, the gentleman from Massachusetts, Mr. HIGGINS, is unavoidably absent because of illness. If present, he would vote "yea."

Mr. COSTELLO. Mr. Speaker, my colleague, the gentleman from California, Mr. STUBBS, is unavoidably absent. If he were present, he would vote "yea."

Mr. BOILEAU. Mr. Speaker, my colleague, the gentleman from Wisconsin, Mr. O'MALLEY, is unavoidably absent. If present, he would vote "yea."

Mr. KNUTSON. Mr. Speaker, my colleague, the gentleman from Minnesota, Mr. MAAS, is absent. If he were present, he would vote "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REVENUE BILL OF 1935

Mr. DOUGHTON. Mr. Speaker, I call up the conference report on the bill (H. R. 8974) to provide revenue, equalize taxation, 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 North Carolina?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

[To accompany H. R. 8974]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8974) to provide revenue, equalize taxation, 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, 8, 12, and 25.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 10, 13, 14, 18, 20, 21, 22, 23, and 24, and 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 lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Upon net incomes not in excess of $2,000, 12½ per centum.

"$250 upon net incomes of $2,000; and upon net incomes in excess of $2,000 and not in excess of $15,000, 13 per centum in addition of such excess.

"$1,940 upon net incomes of $15,000; and upon net incomes in excess of $15,000 and not in excess of $40,000, 14 per centum in addition of such excess.

"$5,440 upon net incomes of $40,000; and upon net incomes in excess of $40,000, 15 per centum in addition of such excess."

And the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In the matter proposed to be inserted by the Senate amendment strike out "15½" and insert "15"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In the matter proposed to be inserted by the Senate amendment strike out "15½" and insert "15"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In the matter proposed to be inserted by the Senate amendment strike out "85 per centum" and insert 90 per centum; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(i) Section 144 of the Revenue Act of 1934 is amended by striking out the period at the end thereof and inserting a colon and the following: '*Provided further*, That in the case of the payment, after December 31, 1935, of dividends of the class with respect to which a deduction is allowed by section 23 (p), the deduction and withholding provided for in this section shall also apply to 10 per centum of the amount of the payment: *Provided further*, That the Commissioner, under rules and regulations prescribed by him with the approval of the Secretary, may authorize withholding under this section and section 143 (a) (1) (B), in cases where the taxpayer has a taxable year ending on any other date than December 31, at the rate of 13¾ per centum (and, in the case of payments of dividends with respect to which withholding is required, may authorize such payments to be made without withholding) until the beginning of the taxpayer's first taxable year which begins after December 31, 1935.'"

And the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: On page 6 of the Senate engrossed amendments, in line 1 and in line 7, strike out "$1.50" and insert "$1.40"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(except subsections (f), (g), and (i) thereof)"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 109. PERSONAL HOLDING COMPANIES

"(a) Section 351 (a) of the Revenue Act of 1934 is amended to read as follows:

"'(a) IMPOSITION OF TAX.—There shall be levied, collected, and paid, for each taxable year, upon the undistributed adjusted net income of every personal holding company a surtax equal to the sum of the following:

"'(1) 20 per centum of the amount thereof not in excess of $2,000; plus

"'(2) 30 per centum of the amount thereof in excess of $2,000 and not in excess of $100,000; plus

"'(3) 40 per centum of the amount thereof in excess of $100,000 and not in excess of $500,000; plus

"'(4) 50 per centum of the amount thereof in excess of $500,000 and not in excess of $1,000,000; plus

"'(5) 60 per centum of the amount thereof in excess of $1,000,000.'

"(b) Section 351 (b)(2)(C) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: 'and distributions (not in complete or partial liquidation and not a "dividend" as defined in section 115) made during the taxable year out of earnings or profits of such year.'

"(c) The amendments made by this section shall apply only in the case of taxable years beginning after December 31, 1935."

And the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 110. CORPORATE LIQUIDATIONS

"(a) Section 112 (b) of the Revenue Act of 1934 is amended by adding after paragraph (5) a new paragraph reading as follows:

"'(6) EXCHANGE IN LIQUIDATION.—No gain or loss shall be recognized upon the receipt by a corporation of property (other than money) distributed in complete liquidation of another corporation, if the corporation receiving such property on such exchange was on the date of the enactment of the Revenue Act of 1935 and has continued to be at all times until the exchange, in control of such other corporation. As used in this paragraph "complete liquidation" includes any one of a series of distributions by a corporation in complete cancellation or redemption of all its stock in accordance with a plan of liquidation under which the transfer of the property under the liquidation is to be completed within a time specified in the plan, not exceeding five years from the close of the taxable year during which is made the first of the series of distributions under the plan. If such transfer of property is not completed within the taxable year the Commissioner may require of the taxpayer, as a condition to the nonrecognition of gain under this paragraph, such bond, or waiver of the statute of limitations on assessment and collection, or both, as he may deem necessary to insure the assessment and collection of the tax if the transfer of the property is not completed in accordance with the plan. This paragraph shall not apply to any liquidation if any distribution in pursuance thereof has been made before the date of the enactment of the Revenue Act of 1935.'

"(b) Section 112 (c) (1) of the Revenue Act of 1934 is amended by striking out "or (5)" and inserting in lieu thereof "(5), or (6)".

"(c) Section 112 (e) of the Revenue Act of 1934 is amended by striking out "subsection (b) (1) to (5)" and inserting in lieu thereof "subsection (b) (1) to (6)".

"(d) Section 112 (i) of the Revenue Act of 1934 is amended by striking out "(4), or (5)" and inserting in lieu thereof "(4), (5), or (6)", and by striking out "(3) or (5)" and inserting in lieu thereof "(3), (5), or (6)".

"(e) The amendments made by this section shall apply only in the case of taxable years beginning after December 31, 1935."

And the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows:

On page 20 of the Senate engrossed amendments, strike out lines 6 to 25, both inclusive, and lines 1 to 16, both inclusive, on page 21, and in lieu thereof insert the following:

"SEC. 202. ESTATE TAX—VALUATION

"(a) Section 302 of the Revenue Act of 1926, as amended, is amended by adding a new subdivision, as follows:

"'(j) If the executor so elects upon his return (if filed within the time prescribed by law or prescribed by the Commissioner in pursuance of law), the value of the gross estate shall be determined by valuing all the property included therein on the date of the decedent's death as of the date 1 year after the decedent's death, except that (1) property included in the gross estate on the date of death and, within one year after the decedent's death, distributed by the executor (or, in the case of property included in the gross estate under subdivision (c), (d), or (f) of this section, distributed by the trustee under the instrument of transfer), or sold, exchanged, or otherwise disposed of, shall be included at its value as of the time of such distribution, sale, exchange, or other disposition, whichever first occurs, instead of its value as of the date 1 year after the decedent's death, and (2) any interest or estate which is affected by mere lapse of time shall be included at its value as of the time of death (instead of the later date) with adjustment for any difference in its value as of the later date not due to mere lapse of time. No deduction under this title of any item shall be allowed if allowance for such item is in effect given by the valuation under this subdivision. Wherever in any other subdivision or section of this title or in Title II of the Revenue Act of 1932, reference is made to the value of property at the time of the decedent's death, such reference shall be deemed to refer to the value of such property used in determining the value of the gross estate. In case of an election made by the executor under this subdivision, then for the purposes of the deduction under section 303 (a) (3) or section 303 (b) (3), any bequest, legacy, devise, or transfer enumerated therein shall be valued as of the date of decedent's death with adjustment for any difference in value (not due to mere lapse of time or the occurrence or nonoccurrence of a contingency) of the property as of the date one year after the decedent's death (substituting the date of sale or exchange in the case of property sold or exchanged during such one-year period).'

"(b) The amendment made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: On page 27 of the Senate engrossed amendments, lines 7 and 8, strike out "after the date this amendment takes effect" and insert "on or after the first day of the second month following the date of the enactment of the Revenue Act of 1935"; and on page 29 of the Senate engrossed amendments, line 3, strike out "fifteenth" and insert "thirtieth"; and on page 31 of the Senate engrossed amendments, strike out lines 13 to 17, both inclusive; and on page 32 of the Senate engrossed amendments, strike out lines 1 to 6, both inclusive.

And the Senate agree to the same.

R. L. DOUGHTON,
SAMUEL B. HILL,
THOS. H. CULLEN,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
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 bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 1: This amendment proposes increased surtax rates over those imposed by existing law beginning on amounts of surtax net income in excess of $1,000,000. Under existing law the rate on the amount of surtax net income in excess of $1,000,000 is 59 percent. Under the amendment, amounts of surtax net income in excess of $1,000,000 and not in excess of $1,500,000 would be taxed at 60 percent, and the rates would then be increased by suitable graduation until amounts of surtax net income in excess of $10,000,000 would be taxed at 75 percent. Under the House bill, the surtax rates are increased over the rates contained in existing law in the case of surtax net incomes of over $50,000. The rate in the House bill is 31 percent on amounts of surtax net income between $50,000 and $56,000, while under existing law the rate in this bracket is 30 percent. The rates in the House bill are then graduated upward until amounts of surtax net income in excess of $5,000,000 are taxed at 75 percent. The Senate recedes.

On amendment no. 2: This amendment provides for a graduated income tax on corporations as follows:

Upon net incomes not in excess of $15,000, 12½ percent.

Upon net incomes in excess of $15,000 and not in excess of $40,000, 14 percent in addition of such excess.

Upon net incomes in excess of $40,000 and not in excess of $100,000, 15 percent in addition of such excess.

Upon net incomes in excess of $100,000, 15½ percent in addition of such excess.

The House bill contains the following rates in respect to this tax:

Upon net incomes not in excess of $15,000, 13¼ percent.

Upon net incomes in excess of $15,000, 14¼ percent in addition of such excess.

The House recedes with an amendment substituting the following rates for those proposed in the Senate bill:

Upon net incomes not in excess of $2,000, 12½ percent.

Upon net incomes in excess of $2,000 and not in excess of $15,000, 13 percent in addition of such excess.

Upon net incomes in excess of $15,000 and not in excess of $40,000, 14 percent in addition of such excess.

Upon net incomes of $40,000, 15 percent in addition of such excess.

On amendment no. 3: The House bill provided for a limited deduction in computing net income of contributions to corporations, community chests, etc., organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes. The Senate amendment adds "or the prevention of cruelty to children." The House recedes.

On amendments nos. 4 and 5: These amendments provide that the rate of withholding at the source in the case of foreign corporations after December 31, 1935, shall be 15½ percent instead of 13¾. The House recedes with an amendment in each case making the rate 15 percent.

On amendment no. 6: Under existing law, which was not changed in this respect by the House bill, corporations, both domestic and foreign, are allowed a deduction, in computing net income, of dividends received from domestic corporations subject to income tax (except dividends received from a China Trade Act corporation or from certain corporations taxable on only gross income sources within the United States because of receiving a large percentage of their gross income from sources within a pos-

session of the United States). The Senate amendment confines the deduction to 85 percent of the amount of the dividends. The House recedes with an amendment changing 85 percent to 90 percent.

On amendment no. 7: This amendment provides for withholding of tax at the source in the case of dividends paid to a foreign corporation, with respect to 15 percent of the amount of the dividend, since under amendment no. 6 only 85 percent of the dividend is nontaxable. The House recedes with an amendment changing 15 percent to 10 percent, in pursuance of the action taken on amendment no. 6, and authorizing the Commissioner, under regulations prescribed by him with the approval of the Secretary, to permit withholding under existing law, in the case of a corporate taxpayer having a taxable year ending on any other date than December 31, until the beginning of its first taxable year which begins after December 31, 1935.

On amendment no. 8: This amendment subjects to both normal and surtax and to the corporation income tax interest on obligations of the United States and all instrumentalities of the United States, issued or reissued on or after the date of the enactment of the bill. The Senate recedes.

On amendment no. 9: The House bill raised the rates of the excess-profits tax imposed by section 702 of the Revenue Act of 1934, starting with 5 percent of the part of the net income in excess of 8 percent and not in excess of 12 percent of the adjusted declared value, up to 20 percent of the portion of the net income in excess of 25 percent of the adjusted declared value. The House bill made no change in the existing capital-stock tax. The Senate amendment reimposes the capital-stock tax beginning with the year ending June 30, 1936, with a rate of $1.50 a thousand instead of $1 a thousand as under existing law, but allowing a new declaration of value. It also reimposes the excess-profits tax beginning with the first income-tax year ending after June 30, 1936, with the rates fixed at 6 percent of the portion of the net income in excess of 10 percent and not in excess of 15 percent of the adjusted declared value, and 12 percent of the portion of the net income in excess of 15 percent of the adjusted declared value. In computing net income a deduction is allowed of the corporation income tax for the same year. The Senate amendment also allows to China Trade Act corporations a credit against the adjusted declared value of the capital stock based on the proportion borne to the par value of all their stock by the par value of the shares owned by residents of China, the United States, or possessions of the United States, and by individual citizens of the United States or China. The House recedes with an amendment fixing the rate of capital-stock tax at $1.40.

On amendment no. 10: This is a change in section number. The House recedes.

On amendment no. 11: This is a technical amendment made necessary by amendments nos. 4 and 5, and the House recedes with an amendment making a further technical change made necessary by amendment no. 7.

On amendment no. 12: This is a technical amendment made necessary by amendment no. 8, and the Senate recedes.

On amendment no. 13: This is a technical amendment made necessary by amendment no. 9, and the House recedes.

On amendment no. 14: This amendment allows China Trade Act corporations, for the purpose of the excess-profits tax imposed under amendment no. 9, a credit against net income similar to the credit allowed them under the income-tax law for the purpose of computing their net income subject to the corporation tax. The House recedes.

On amendment no. 15: This amendment makes three changes in section 351 of the Revenue Act of 1934 relating to the income tax of personal holding companies, applicable only in the case of taxable years beginning after December 31, 1935.

(1) The amendment increases the rates, starting at 20 percent of the amount of the undistributed adjusted net income not in excess of $2,000 up to 60 percent of the amount thereof in excess of $1,000,000. This provision is retained under the conference agreement.

(2) The amendment also provides that in the case of an affiliated group of corporations (defined in terms of 95-percent ownership), if the sum of the gross incomes of all the members of the group derived from royalties, dividends, interest, annuities, and gains from the sale of stocks or securities is less than 80 percent of the sum of the gross income of all members of the group, then the common parent corporation shall not be considered a personal holding company. This provision is omitted under the conference agreement.

(3) The amendment also permits as a deduction in computing undistributed adjusted net-income distributions made during the taxable year out of earnings and profits of such year, if not a distribution in liquidation and if not already deductible as a "dividend." This provision is retained under the conference agreement.

On amendment no. 16: This amendment provides that no gain or loss shall be recognized upon the receipt by a corporation of property or money in liquidation of another corporation if the receiving corporation owns at least 80 percent of the voting stock of such other corporation. The House recedes with an amendment containing the following limitations:

(1) The nonrecognition of gain is confined to property received from the corporation being liquidated and does not extend to money. If, in addition to property, money is received on liquidation, the gain is recognized in an amount not in excess of the money so received; but no loss is recognized in such a case.

(2) The amendment does not apply to any liquidation where a distribution in pursuance of such liquidation was made before the date of the enactment of the Revenue Act of 1935.

(3) The corporation receiving the property on liquidation must own at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of the corporation being liquidated. This ownership must exist on the date of the enactment of the Revenue Act of 1935 and must continue at all times thereafter until the exchange.

(4) Liquidation is confined to "complete liquidation", which is defined to include any one of a series of distributions by a corporation in complete cancelation or redemption of all of its stock in accordance with a plan of liquidation under which the transfer of the property under the liquidation is to be completed within a time specified in the plan, not exceeding 5 years from the close of the taxable year during which is made the first of a series of distributions under the plan.

(5) If the transfer of property in liquidation is not completed within the taxable year, the Commissioner is given authority to require a bond, or a waiver extending the period for assessment and collection of the tax, or both bond and waiver, so that the Government's right to assess or collect may not be jeopardized if the transfer of the property is not completed in accordance with the plan.

(6) Since the liquidations are treated as tax-free exchanges, the basis provisions of section 113 (a) (6) of the Revenue Act of 1934 will be applicable. The following examples will show how the basis is determined under this section (assuming for simplicity that there were no adjustments to be made in the basis of the stock):

CASE NO. 1

Corporation A paid $100,000 for the stock of Corporation B. It liquidates Corporation B and receives on liquidation property worth $200,000 at the date of liquidation. Corporation A has realized a gain of $100,000 from the liquidation, which under the amendment is not recognized. However, the basis of Corporation B's property in the hands of Corporation A will be not $200,000, the value at the time of liquidation, but $100,000, the amount Corporation A paid for Corporation B's stock. Corporation A subsequently sells the property it acquired from Corporation B on liquidation for $200,000. Corporation A will be required to pay a tax in the year of sale on a $100,000 gain.

CASE NO. 2

Corporation A paid $100,000 for the stock of Corporation B. It liquidates Corporation B and receives on liquidation the following:

Property	$150,000
Cash	50,000
Total	200,000

The gain of $100,000 realized upon liquidation will be recognized only up to the amount of the cash, namely, $50,000. The basis of the property is $100,000, computed as follows:

($100,000 cost of Corporation B's stock to Corporation A, decreased in the amount of money received, $50,000, and increased in the amount of gain recognized to Corporation A at the time of liquidation, $50,000.)

If Corporation A sells the property for $150,000, it will be required to pay a tax on a gain of $50,000, which is the gain the recognition of which was postponed at the time of liquidation.

On amendment no. 17: This amendment strikes out the inheritance tax in the House bill and inserts in lieu thereof an increase in the rates of estate tax. Under existing law net estates not in excess of $10,000 are taxed at 1 percent; under the amendment this rate is increased to 2 percent. Gradual increases in the rates are made in the other brackets until the amount of a net estate in excess of $50,000,000 is taxed at 70 percent. Under existing law, the maximum rate is 60 percent on the portion of the net estate in excess of $10,000,000. The conference agreement retains the change of rates proposed in the Senate amendment.

The amendment also reduces the specific exemption allowed for purposes of the additional estate tax imposed by the Revenue Act of 1932, as amended, from $50,000 to $40,000. This portion of the Senate amendment is also retained under the conference agreement.

The amendment also allows an additional deduction, in computing the value of the net estate, of the net shrinkage in value of assets arising from the difference in the aggregate value of assets forming part of the decedent's gross estate on the date of death and the aggregate value of such assets 1 year thereafter, substituting the date of sale or exchange by the executor in the case of assets sold or exchanged during such 1-year period. In lieu of this provision, the conference action inserts a provision giving the executor an election with respect to the time as of which the property included in the gross estate is to be valued. Under existing law, the valuation is made as of the date of death. If the executor exercises the election given him by the conference agreement, all the property included in the estate on the date of death is to be valued as of the date 1 year after the decedent's death, except that the value (at the time of distribution, sale, exchange, or other disposition) of property distributed, sold, exchanged, or otherwise disposed of, is taken in lieu of its value as of 1 year after death. Where the decedent owns an interest or estate the value of which is affected by mere lapse of time, the value used under the election is the value as of date of death adjusted for changes in value not due merely to lapse of time. Deductions for

losses from fire, other casualties, etc., and other deductions, are disallowed if reflected in the later valuation of the property. The conference agreement also provides that the valuation of property transferred to charities, etc., for the purpose of the deduction under existing law, shall be made on the same basis used in valuing the gross estate, disregarding any change due to mere lapse of time or the occurrence or nonoccurrence of a contingency. The operation of this new provision giving the executor an election may be shown by the following example:

A decedent dies owning real estate of the value of $100,000, corporate stock of the value of $60,000, bonds of the value of $20,000, foreign government bonds maturing 9 months after date of death of a face value of $10,000, but of a value of $9,550, and cash amounting to $5,000. These values are as of the date of death. The gross estate at date of death amounted, therefore, to $194,550. The decedent had debts of $15,000 and the administration expenses were $25,000, which debts and expenses were promptly paid by the executor. The value of the net estate as of date of death was, therefore (after taking off the specific exemption), $114,550. Six months after the decedent's death the executor distributed the bonds to a legatee under the will, at which time they were worth $18,000, and he sold all the corporate stock owned by the decedent for a fair market value of $50,000 in order to raise cash to pay the debts and expenses. The foreign bonds were paid in full at maturity. During the first year after the decedent's death the value of his real estate appreciated $5,000. The executor elects to take advantage of the new provision of the bill. The value will be arrived at in this way:

Assets:		*Value*
Real estate (as of 1 year after death)		$105,000
Corporate stock (as of date of sale)		50,000
Bonds (as of date of distribution)		18,000
Foreign bonds (as of date of disposition, i. e., maturity)		10,000
Cash		5,000
Gross estate		188,000
Deduct:		
Debts	$15,000	
Administration expenses	25,000	
Specific exemption	40,000	
		80,000
Net estate		108,000

The amendment also gives a new deduction, in determining the net estate of a decedent who was a citizen or resident of the United States, of the proceeds of life insurance policies payable to the estate in trust for the payment of death duties imposed by the United States or any other jurisdiction, to the extent that such proceeds are actually used in the payment of such taxes. This provision is omitted under the conference agreement.

The amendment also makes the due date of the estate tax 15 months after death instead of 1 year as provided in existing law. This provision is retained under the conference agreement.

All the above amendments are effective only in the case of decedents dying after the date of the enactment of the bill. This provision is retained under the conference agreement.

On amendment no. 18: This amendment strikes out the gift tax on donees in the House bill and inserts in lieu thereof an increase in the rates of the gift tax on donors provided in the Revenue Act of 1932. Under existing law, the gift tax rate on net gifts not in excess of $10,000 is three-fourths of 1 percent; the amendment increases this rate to 1½ percent. Consistent increases are made in the higher brackets until the amount of a net gift in excess of $50,000,000 is taxed at 52½ percent. Under existing law the maximum rate is 45 percent on the amount of the net gift in excess of $10,000,000. The gift tax rates proposed are three-fourths of the estate-tax rates proposed. This is the same ratio as exists between the estate and gift tax rates under existing law. The conference agreement retains the change of rates proposed in the Senate amendment.

The amendment also reduces the specific exemption in such act from $50,000 to $40,000. This provision is retained under the conference agreement.

The above amendments are effective only in the computation of gift taxes for the calendar year 1936 and subsequent years. This provision is retained under the conference agreement.

On amendment no. 19: This amendment inserts a new title covering a number of miscellaneous matters, each of which is separately stated below, together with the action of the conferees thereon.

MANUFACTURERS' EXCISE TAXES

Section 401 makes the following amendments to the Revenue Act of 1932 with respect to the manufacturers' excise taxes:

(1) Section 620 (3) of the Revenue Act of 1932, as amended, is amended to permit the tax-free sale of any article taxable under title IV of the Revenue Act of 1932 sold by the manufacturer or producer to or for the exclusive use of the United States, any State, Territory of the United States, political subdivision thereof, or the District of Columbia. The amendment exempts all sales to States or political subdivisions thereof for exclusive use by them regardless of whether or not the articles are to be used for an essential governmental function, and permits more than one dealer in the chain of sales.

(2) The amendment to section 621 (a) of the Revenue Act of 1932 will permit a refund or credit of the tax paid by any manufacturer or producer on his sale of an article if such article is eventually resold through one or more dealers to the United States, any State, Territory of the United States, political subdivision thereof, or the District of Columbia. A credit or refund is also provided if an article is ultimately used, or resold for use, as fuel supplies, etc., of certain vessels. Similar amendments allow refunds when certain articles subject to the gasoline tax are ultimately used, or resold for use, for non-motor-fuel purposes and where lubricating oils are ultimately used, or resold for use, for nonlubricating purposes. All these refunds are allowed to the manufacturer for the benefit of the person who sells the articles to the user.

(3) Another amendment allows interest on refunds of overpayments of the manufacturers' sales taxes at the rate of 6 percent per annum.

This section of the Senate amendment is retained under the conference agreement, with a clerical change.

ARTICLES PRODUCED FROM TAXABLE OILS

Section 402 provides for a tax on the importation (from a foreign country, a possession of the United States, or the high seas) of articles manufactured or produced wholly or in chief value from oils of the classes subject (at the time of importation of such articles) to the tax under existing law on the processing of coconut oil and certain other vegetable oils or the tax on the importation of certain fish and marine-animal oils. The tax is to be computed by applying the rates provided for in the existing taxes to the amount of the specified oils from which the imported articles are made. Provision is made for payments to the Philippine treasury analogous to the provision now applying under the processing tax on coconut oil. The new tax is subject to the same administrative and drawback provisions of law as is the existing tax on imported fish and marine-animal oils. The conference agreement retains this section, to take effect after the thirtieth day after date of the enactment of the act, instead of the fifteenth day as provided in the Senate amendment.

SPECIAL EXCISE TAX ON CARRYING ON LIQUOR BUSINESS

Section 403 of the bill, added by amendment no. 19, terminates as of June 30, 1935, the special excise tax of $1,000 a year imposed by section 701 of the Revenue Act of 1926 on every person carrying on the business of a brewer, distiller, liquor dealer, or manufacturer of stills, contrary to State law. This portion of the Senate amendment is retained under the conference agreement.

INTEREST ON DELINQUENT TAXES

The amendment also provides that the rate of interest on any internal-revenue tax, or customs duty, not paid when due, shall be at the rate of 6 percent per annum. This makes all interest provisions with reference to deficiencies and delinquencies of internal-revenue taxes uniform as far as the rate of interest is concerned. Under existing law, interest is assessed on deficiencies of income, excess profits, estate, and gift taxes at the rate of 6 percent per annum and the deficiency, with interest thereon to date of assessment, is not subject to interest at 1 percent per month until 10 days (30 days in the case of estate taxes) after notice and demand, whereas the interest on overdue miscellaneous excise taxes is 1 percent per month from the due date of the tax. Under the amendment the rate will be uniformly 6 percent per annum before and after notice and demand. The amendment merely changes the rate and does not provide for interest in any cases where interest does not now accrue. This portion of the Senate amendment is retained under the conference agreement.

DECLARATORY JUDGMENTS AS TO TAXES

The amendment also adds a section making it clear that the Federal Declaratory Judgments Act of June 14, 1934, has no application to Federal taxes. This portion of the Senate amendment is retained under the conference agreement.

FAILURE TO FILE RETURNS ON TIME

Under existing law, if a return of an internal-revenue tax is not filed at the time prescribed therefor, 25 percent of the tax is added to the tax, whether the delay in filing the return is 1 day or a longer period. Section 406 (first paragraph) of the bill, added by the amendment no. 19, provides for an addition to the tax, in lieu of such 25-percent addition, in cases where the time fixed for filing the return is subsequent to the passage of the bill, of 5 percent of the tax if the failure is for not more than 30 days, with an additional 5 percent for each additional 30 days during which the failure continues, not to exceed 25 percent in the aggregate. This portion of the Senate amendment is retained under the conference agreement.

TAX ON WHALE OIL

The amendment exempts whale oil from the present tax of 3 cents a pound on importation. This portion of the Senate amendment is omitted under the conference agreement.

TAXES ON CRUDE PETROLEUM

The first paragraph of section 407, added by the amendment, reduces the existing taxes on the production and on the refining of crude petroleum from one-tenth of 1 cent per barrel of 42 gallons to one twenty-fifth of 1 cent per barrel. This portion of the Senate amendment is retained under the conference agreement.

EFFECT OF CLOSING AGREEMENTS

The amendment also provides that if the Commissioner, in determining the tax liability of any person, has entered into an agreement in writing with such person in respect of any issue likewise involved in the tax liabilities of one or more other persons and arising out of the same transaction, then none of such other persons shall be denied a settlement of such issue on the

same basis. This portion of the Senate amendment is omitted under the conference agreement.

On amendments nos. 20, 21, 23, and 24: These amendments make changes in title and section numbers. The House recedes.

On amendment no. 22: This amendment adds a definition of the term "collector." The House recedes.

On amendment no. 25: This amendment repeals sections 6, 7, and 8 of the Silver Purchase Act of 1934 and declares void all Treasury regulations in pursuance of such actions. The Senate recedes.

R. L. DOUGHTON,
SAMUEL B. HILL,
THOS. H. CULLEN,
Managers on the part of the House.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. HILL].

Mr. SAMUEL B. HILL. Mr. Speaker, if this conference report is adopted, the principal changes by reason of Senate amendments will be as follows: I may say at the outset that the House provision as to the increase in the surtax rates is retained in the bill. It starts at $50,000 and graduates up to 75 percent on net incomes over $5,000,000.

The corporation income tax was changed somewhat by the conference. The House provision provided a range of 1 percent from 13¼ percent on corporation incomes not in excess of $15,000 to 14¼ percent on corporation incomes above $15,000. The conference report provides 12½ percent on corporation incomes not in excess of $2,000, 13 percent on incomes between $2,000 and $15,000, 14 percent between $15,000 and $40,000, and 15 percent above $40,000.

The capital-stock tax as it exists today and as we left it in the House bill is $1 per thousand. The Senate made it $1.50 per thousand and the conference agreed on $1.40 per thousand and gave the corporations the right to declare a new adjusted value.

The excess-profits tax in the conference report bears the rate of 6 percent on net corporate income above 10 percent, and not in excess of 15 percent, and a 12-percent rate above 15 percent.

There will be included in the bill, if the conference report is adopted, an intercorporate dividend tax. The House bill had no such tax. The Senate put an amendment on the bill providing for an intercorporate dividend tax which would amount to 2¼ percent. We reduced this in conference to what will amount to about a 1½-percent rate.

The inheritance tax, which the House bill carried, is out of the bill, and in lieu of it, we have an increase in the estate taxes and in the gift taxes which go along with the estate taxes. With the inheritance tax we also had a gift tax on the donees as a protection of the inheritance tax. This, of course, goes out with the inheritance tax. So what we have now in the conference report is an estate tax and no inheritance tax, but the estate tax has been increased in two respects: First, by lowering the exemption from $50,000 to $40,000 and by commencing with a 2-percent rate on the first $10,000 of taxable estate and graduating it up to 70 percent over $50,000,000. The gift tax bears a rate approximately three-fourths of the rate of the estate tax and is carried through in this proportion.

The SPEAKER pro tempore (Mr. WOODRUM). The time of the gentleman from Washington has expired.

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman five additional minutes.

Mr. SAMUEL B. HILL. This covers the principal changes, Mr. Speaker, that the conference report makes in the House bill. There are some other amendments which are in the bill and are set out and explained fully in the report, and it seems hardly worth while to take the time of the House to go into a detailed explanation of them. I shall ask you to read the report and I ask unanimous consent, Mr. Speaker, to extend my remarks by printing in connection therewith a detailed statement in writing explaining just what has been done in the conference report.

The SPEAKER pro tempore. Is there objection of the request of the gentleman from Washington?

There was no objection.

Mr. SAMUEL B. HILL. My Speaker, I further ask unanimous consent to extend my remarks by extending in the RECORD a statement prepared by the Treasury Department in opposition to the so-called "McCarran amendment."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. WADSWORTH. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. WADSWORTH. Can the gentleman inform us of the fate of the provision which relates to the taxation of corporate contributions to charities?

Mr. SAMUEL B. HILL. That is retained in the bill, I may say to the gentleman from New York.

Mr. WADSWORTH. May I ask the gentleman a further question?

Mr. SAMUEL B. HILL. Yes.

Mr. WADSWORTH. Can the gentleman inform us with respect to that provision of the bill which, as I understand it, would make subject to estate taxes the principal of life-insurance policies?

Mr. SAMUEL B. HILL. We have not included the amendment which exempted the proceeds of life insurance which were devoted solely to the payment of estate taxes. This is the point the gentleman has in mind.

Mr. WADSWORTH. Will the gentleman explain that a little?

Mr. SAMUEL B. HILL. The present law is that insurance policies have an exemption of $40,000, and in addition to that, there is general exemption for estate-tax purposes of $40,000. So we deemed it unnecessary to give further exemption to life insurance, inasmuch as we have this $40,000 exemption in existing law.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COLDEN. I would like to have an explanation of why the House yielded on inheritance taxes and accepted the estate tax?

Mr. SAMUEL B. HILL. The House yielded for the purpose of bringing a bill back to this body. It was necessary, I will say to the gentleman from California, to yield in order to get an agreement, but we get about the same amount of money out of the increase in the estate taxes that we were to get out of the inheritance taxes.

Mr. COLDEN. The point with me is this. In the case of the estate tax the tax is levied on the entire estate regardless of the number of heirs, but with an inheritance tax, if there is one heir and the estate amounts to $1,000,000, the tax is applied to the entire amount, but if there are 10 heirs, there would only be $100,000 as the amount of the inheritance.

Mr. SAMUEL B. HILL. I may say to the gentleman that we advanced those arguments but, as the gentleman knows, we cannot have everything. We have to give in on some things in order to get the other body to yield.

I submit the following detailed statement on the conference between the two Houses on the Revenue Act of 1935:

CONFERENCE REPORT ON THE REVENUE BILL OF 1935

The House surtax rates were adopted. The Senate increased the surtax rates only over $1,000,000. This would bring in only about $4,000,000. The Senate conferees agreed to the House surtax rates which started with net incomes of $50,000 and graduated upward to a point of 75 percent in the case of net incomes in excess of $5,000,000.

On the graduated tax on corporations, we agreed to a compromise. As you know, the House levied a graduated rate range of 1 percent, that is, net incomes not in excess of $15,000 were taxed at 13¼ percent, and net incomes in excess of $15,000 were taxed at 14¼ percent in addition of such excess. The Senate amended the bill by levying a graduated tax ranging from 12½ percent on net incomes not in excess of $15,000 to 15½ percent upon net incomes in excess of $100,000. We succeeded in getting the Senate conferees to agree to a compromise levying taxes on corporations as follows:

Upon net incomes not in excess of $2,000, 12½ percent.

Upon net incomes in excess of $2,000 and not in excess of $15,000, 13 percent in addition of such excess.

Upon net incomes in excess of $15,000 and not in excess of $40,000, 14 percent in addition of such excess.

Upon net incomes in excess of $40,000, 15 percent in addition of such excess.

The House provision allowing corporations to deduct gifts to organizations operated exclusively for religious, charitable, scien-

tific, literary, or educational purposes was accepted by the Senate. The Senate extended this to include gifts to organizations for the prevention of cruelty to children.

The Senate adopted a provision which had the effect of exempting China Trade Act corporations from the excess-profits and capital-stock tax. These corporations are already exempt from the income tax. The reason for the exemptions is to enable American corporations doing business in China to compete with foreign corporations. England and many of the other foreign countries grant their companies doing business in China complete exemption from taxation, and unless this Government affords the same inducement to our American corporations doing business in China, they will not be able to compete with the foreign corporations or secure adequate Chinese capital. Your conferees agreed to the Senate amendment as to this point.

The Senate levied a tax on intercorporate dividends which amounted to about 2¼ percent. Under existing law, dividends received by a corporation from a domestic corporation are allowed as a deduction in computing net income. The Senate allowed only 85 percent of the dividends received as a deduction. We compromised on the proposition, changing the 85 percent to 90 percent, which will result in an intercorporate tax of about 1½ percent.

The Borah amendment came in for considerable discussion at the conference. The effect of this amendment was to subject to both normal and surtax as well as to the corporation income tax, interest on obligations of the United States and instrumentalities of the United States issued after the date of the enactment of the bill. The House conferees did not believe this to be a sound amendment for the reason that it would not close the loophole of tax-exempt securities but merely give investors an opportunity to invest in State securities instead of Federal securities. It is believed that the only proper way to accomplish the taxation of Federal and State securities is through a constitutional amendment which would operate on both the States and the Federal Government and not give one a field for investments at the expense of the other. It might be mentioned that this amendment was also vigorously opposed by the Treasury and the administration. We got the Senate conferees to recede on this amendment.

The Senate increased the capital stock tax from $1 per $1,000 to $1.50 per $1,000. We got them to agree to an amendment reducing the rate from $1.50 to $1.40 per $1,000. As a result of this concession, we accepted the Senate rates on the excess-profits tax. These rates are fixed at 6 percent of the portion of the net income in excess of 10 percent and not in excess of 15 percent of the adjusted declared value, and 12 percent of the portion of the net income in excess of 15 percent of the adjusted declared value. We also agreed to the Senate amendment permitting corporations a new declaration of value for capital stock tax purposes beginning with the year ending June 30, 1936.

In the case of personal holding companies, we agreed to the Senate amendment increasing the rates starting at 20 percent of the amount of the undistributed adjusted net income not in excess of $2,000, up to 60 percent of the amount thereof in excess of $1,000,000. This amendment was considered necessary in view of the increase in rates of the individual surtaxes.

The Senate inserted in the bill a provision which would have the effect of combining the gross income of members of an affiliated group of corporations for the purpose of determining whether the common parent corporation was a personal holding company. We objected strenuously to this amendment, as we felt it would open the door to many lookholes in the personal holding company section, and we succeeded in getting the Senate conferees to recede on this amendment.

The Senate also inserted an amendment permitting one corporation to liquidate another corporation without the recognition of gain or loss. Your conferees were compelled to accept this amendment, but succeeded in inserting certain provisions which had the effect of tightening it up and preventing loopholes. The provision as now written applies only if the corporation owns at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of the corporation being liquidated. This ownership must exist on the date of the enactment of this act and must continue at all times thereafter until the date of liquidation. If the corporation receives from the corporation being liquidated, money, the gain on liquidation to it is taxable to the extent of the money so received.

We yielded to the Senate on its provisions substituting for the House provisions on inheritance tax and gift tax on donees, increased rates in the estate tax and in the gift tax on donors. The Senate provision gradually increases the rates in the brackets beginning at 2 percent until the amount of the net estate in excess of $50,000,000 is taxed at 70 percent. Under existing law the maximum rate is 60 percent on the portion of the net estate in excess of $10,000,000. Consistent increases were made in respect to the gift tax on donors so that the new gift-tax rates are about three-fourths of the estate-tax rates. The Senate amendment also reduced the specific exemption of $50,000 allowed both for estate- and gift-tax purposes under existing law to $40,000. While we were unable to get the Senate conferees to agree to an inheritance tax, they did agree that such a tax should be studied by the Joint Committee on Internal Revenue Taxation, the Treasury Department, and the office of the Legislative Counsel, with a view to making positive recommendations on this subject in the near future.

We succeeded in getting one of the principles of our inheritance tax incorporated in the estate tax. This permits the executor to value the property of a decedent as of 1 year from the date of death, with certain exceptions in the case of distributions, sales, etc. This will eliminate many of the hardships which were experienced after 1929 when market values decreased very materially between the period from the date of death and the date of distribution to the beneficiaries. We refused to agree to the Senate amendment allowing a deduction in the case of the proceeds of life-insurance policies actually used for the payment of Federal, State, and foreign death taxes. It was felt that with the abandonment of the inheritance tax the present estate tax provisions granting a $40,000 exemption in the case of insurance might be deemed adequate. Moreover, the enactment of such a provision would seriously curtail the Government revenues. However, it was felt that this subject was worthy of further study and that some effort should be made to look into this matter further.

We agreed to the Senate amendment exempting from the manufacturer's excise taxes sales to the State for exclusively public purposes regardless of whether or not the articles sold were to be used for essential governmental functions. This amendment is similar to the bill introduced by Congressman McCORMACK and reported out by the Ways and Means Committee several days ago.

We also agreed to the Senate amendment relating to the processing tax on coconut oil. It appears that there is a serious loophole in existing law by which many companies escape the payment of the processing tax by having the articles processed outside of the country. To remedy this situation, the amendment provides for a tax on the importation of articles produced wholly or in chief value from the oils subject to tax under existing law on the processing of coconut oil and certain other vegetable oils or the tax on the importation of certain fish and marine-animal oils. The tax is to be computed by applying the rates provided for in existing taxes to the amount of the specified oils from which the imported article is made.

We also agreed to the repeal of the special excise tax of $1,000 imposed under existing law upon every person carrying on the business of a brewer, distiller, liquor dealer, or manufacturer of stills contrary to State law. This tax has been held by the lower courts to be not a tax but a penalty, and is practically unenforceable at the present time. Moreover, since the tax is imposed upon an annual basis, it gives encouragement to liquor violators who have paid this tax to claim that they have Federal sanction to carry on their unlawful business.

Your conferees also agreed to the Senate amendment decreasing the interest on delinquent taxes to 6 percent per annum. Under existing law in many cases the interest rate runs at 12 percent from the due date of the tax, especially in the case of many of the miscellaneous excise taxes. This results in a very great hardship in many cases, due to the fact that the Commissioner has no authority to compromise the 12-percent interest.

Your conferees also agreed to the Senate provision providing that the Federal Declaratory Judgment Act of June 14, 1934, has no application to Federal taxes. The application of the Declaratory Judgment Act to taxes would constitute a wide departure from the long-continued policy of Congress with respect to the determination, assessment, and collection of Federal taxes. It is believed that the procedure for the collection of Federal taxes should not be interfered with by a procedure designed to facilitate the settlement of private controversies and that existing procedure both in the Board of Tax Appeals and the courts affords ample remedies for the correction of tax errors.

Your conferees also accepted the Senate amendment reducing the amount of the 25-percent penalty for failure to file a return to 5 percent if the failure is for not more than 30 days, with an additional 5 percent for each additional 30 days, not to exceed 25 percent in the aggregate. This penalty has resulted in considerable hardship because of the lack of power on the part of the Commissioner to compromise such penalty separately and apart from the tax. Your conferees felt that this amendment would accomplish considerable good in alleviating the hardships.

The Senate adopted an amendment to exempt whale oil from the present tax of 3 cents a pound on importation. Your conferees succeeded in getting the Senate conferees to recede from this amendment.

Your conferees agreed to the Senate amendment reducing the existing taxes on the production and on the refining of crude petroleum from one-tenth of 1 cent per barrel of 42 gallons to one twenty-fifth of 1 cent per barrel. These taxes are levied primarily for the administration of the oil codes in order that proper investigation might be made of the books and records of the oil companies. It is believed that a lower rate would not interfere with the purpose for which the taxes are imposed. Therefore, your conferees agreed to this Senate amendment.

Your conferees also succeeded in getting the Senate conferees to recede from an amendment which would have involved serious administrative difficulties in the Bureau. The Senate amendment provided that if the Commissioner entered into a closing agreement with any taxpayer in respect to any issue, the determination in such agreement as to such issue should be permitted other taxpayers. This would have the effect of practically nullifying the closing-agreement system which has been in effect in the Bureau of Internal Revenue for many years and would cost the Government considerable administrative difficulty as well as additional expense.

In closing, I wish to submit a statement as to the revenue to be derived under the conference report.

ADDITIONAL REVENUE

There is no substantial difference in the total revenue to be expected from the bill as agreed to in conference and in the total revenue expected under the House and Senate bills, as can be shown from the following comparison:

Estimate of additional revenue

[For a full year of operation]

Source	House bill	Senate bill	Bill as agreed to in conference
Surtax increases	$45,000,000	$4,000,000	$45,000,000
Graduated corporation tax	15,000,000	60,000,000	37,000,000
Capital-stock tax	0	55,000,000	44,000,000
Excess-profits tax	100,000,000	10,000,000	10,000,000
Inheritance tax	86,000,000	0	0
Estate tax	0	80,000,000	80,000,000
Gift tax	24,000,000	21,000,000	21,000,000
Intercompany dividends	0	39,000,000	28,000,000
Total	270,000,000	269,000,000	265,000,000
Corporation deduction for charitable gifts	15,000,000	15,000,000	15,000,000
Net total additional revenue	255,000,000	254,000,000	250,000,000

I also submit the following statement prepared in the Department of the Treasury in opposition to the Senate amendment repealing sections 6, 7, and 8 of the Silver Purchase Act:

Sections 6, 7, and 8 of the Silver Purchase Act should not be repealed. They are not detrimental to any legitimate silver transactions. Practically the only persons injured are the silver speculators typified by those active in the Wall Street Silver Exchange.

American shipping lines, insurance companies, and truckers, contrary to the statement in the report of the Committee on Agriculture, are being assisted by the present program. All purchases by the Government are stipulated to be carried by American ships, insured by American companies, and transported in American trucks. If silver speculation in New York is resumed, speculators will buy silver in London, which will be shipped to this country by the London sellers in British ships with British insurance. For every 5 million ounces of silver, $27,000 worth of business accrues to American shipping, trucking, and insurance companies. A total of $1,755,000 worth of business to these companies would have been lost if the silver had been bought abroad by private speculators.

American smelting and refining companies are being benefited. Because of the slightly higher price for silver in the New York market over the London market, it is worth while for the owners of foreign silver ores to ship them to this country for smelting and refining here prior to sale at New York. These companies are satisfied with the operation of the act.

Legitimate industrial users of silver are properly protected. There is no tax on profits derived from the industrial use of silver; and adequate provisions are made for the acquisition, use, and disposition of silver for industrial purposes.

Similarly, the interests of silver miners are adequately safeguarded. The tax does not apply to the profits on newly mined silver; and all newly mined silver is acquired by the Government at a price in excess of the world market value.

Finally, if the rise in the price of silver is not to drive other nations away from the monetary use of silver, there must be power to help them protect their outstanding silver currency. The provisions in question make it possible to protect foreign countries, whose currency is affected by the silver program, from unnecessary adverse effects through the possibility of imposing embargoes on the importation of their silver coins. This was actually done by the Treasury order of May 20, 1935.

It is the Wall Street silver speculators who are adversely affected by these provisions. This is as it should be. They are doing nothing to help the cause of silver but are merely attempting to make an unearned profit on the Government's program for the wider use of silver.

To repeal the provisions in question would detract from the dignity which they are designed to give to silver as a part of the monetary system of the United States. It is thoroughly recognized that, under present conditions, the United States must have complete control over the monetary supply of gold. No one can seriously question the necessity for this control. The purpose of the Silver Purchase Act and the silver program in general was to give silver an equal dignity with gold as a monetary metal. In order for the Congress to retain its power to coin money and regulate its value, which has proven so necessary in the case of gold, there must be reserved in the Federal Government a corresponding power to regulate silver.

Correspondingly, it was generally conceded that it would not be proper for any small portion of the public to reap a profit out of the situation presented by the control of gold, and, for that reason, the orders requiring the surrender of all gold at its then monetary value were prescribed. It is true that through this action certain foreign interests not amenable to the laws of this country were enabled to reap an unearned profit. Protection, however, was assured as far as the jurisdiction of the United States extended by preventing private profit as a result of a public necessity. The identical situation is presented with respect to silver. Congress has determined that the public interest requires the silver-purchase program. It was just as careful to assure the protection of the general public against unearned and unjustified profits of a small group of speculators in silver as it had been in connection with gold. It may be that some foreign speculators will seek and have sought to take advantage of the American silver policy. The Treasury Department has announced itself as thoroughly disapproving of any such result and is endeavoring in its pursuit of the silver-purchase program to prevent such unjust profits from accruing to any speculators, domestic or foreign. Even, however, should it be possible for some foreign speculators to make a profit, it is still a situation comparable to that which existed with respect to gold. Since the public interest declared in the Silver Purchase Act demands that the silver-purchase program be pursued vigorously, the Congress has justly provided that no unjust profit shall accrue to the domestic speculator over whom it has control. That it is unable to control the foreign speculator is no justification for its failure to limit the unearned profits made, as a result of the Government's action for the benefit of the whole Nation, by a small group of domestic Wall Street silver manipulators.

Finally, the point cannot be too often emphasized that sections 6, 7, and 8 of the silver-purchase act are not extraneous and unrelated provisions but are part and parcel of a carefully developed plan for the effectuation of the entire policy. Unless the Government is supplied with the weapons of control provided by these sections, it will be greatly hampered in its effectuation of the silver-purchase policy of section 2. Can the Secretary of the Treasury in good faith find that "terms and conditions" of purchases are "reasonable" and that they are "most advantageous to the public interest" if silver is held at exorbitant prices by speculators and sharpshooters who would be placed in a position to dictate to the Government while it is effectuating its own policies? Yet, by congressional mandate the Secretary is required to find that the rates, times, terms, and conditions of his purchases shall be "reasonable" and "most advantageous to the public interest" (sec. 3).

Of course, the Treasury intends to pursue the program laid down by the Congress. The history of its transactions to date proves this without question. But equally the administration owes to the people of the United States the duty to see that they are not victimized by a small group for its own selfish ends. This is true whether that group is the Wall Street silver manipulators or the foreign silver speculators. The policy of the Treasury cannot be subservient to those groups of silver speculators who have been relying on the announced policy of the United States to bolster their speculative activities. The United States must show that it, and not the speculator, is able to control the destinies of silver in the United States. To do this, the Government must be in a position to make it so expensive for these silver speculators to oppose the United States Government they will not do so.

With the situation what it is, with the record of accomplishment what it is, and with the prospects of further accomplishment promising as they are, it would be most unwise to take away from the Government at this time the very weapons and implements which it has used and which it will continue to use to bring to the most complete fruition the Government's program for the rehabilitation of silver.

Statistics on the silver program to July 31, 1935

	Ounces
Amount of silver purchased by United States in first 13 months of operation of program is (Detailed statement annexed.)	471,704,047
1. This is about 68 percent of the silver coin and bullion owned by United States or in circulation on June 30, 1934, amounting to	694,645,065
2. It is about 19 times more than the amount which the United States agreed to withdraw from production annually pursuant to the London agreement, that amount being	24,400,000
3. It is about 15 times more than the total domestic production of silver during the same period amounting to	31,360,000
4. It is about 4 times more than the estimated world production of silver since June 30, 1934, amounting to	119,024,000
5. It constitutes an average monthly receipt of silver since June 30, 1934, amounting to more than	36,000,000
6. On June 30, 1934, the total amount of silver to be acquired in order to increase the amount of silver to one-third of the value of the monetary stock of gold ($7,856,074,226) on June 30, 1934, was	1,330,749,073

Therefore the acquisitions during the first 13 months under the Silver Purchase Act constitute 35½ percent (over one-third) of that amount.

Receipts of silver by the Treasury from June 30, 1934, to July 31, 1935

	Ounces
1. Newly mined domestic silver (the Silver Purchase Act imposes no tax on the profits made by the silver-mine owners from such silver)	33,592,750
2. Nationalized silver (this was silver which was situated in the continental United States on Aug. 9, 1934. 50.01 cents were returned by the United States to the depositor for such silver. Profits on nationalized silver are exempt from the 50-percent profits tax)	112,363,428
3. Other acquisitions of silver under the Silver Purchase Act	325,953,722
Total	471,909,900

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Speaker, I think this bill is a little better in some respects than the bill which the House originally passed. In other respects it is not so good. However, I congratulate the conferees on the work they have done, considering the fact that they could not go beyond the provisions of the House and Senate bills.

Of course, the Members of the minority had been urging for a long time previous to the writing of this bill the necessity of raising more revenue by taxation in order to meet in some way the wild orgy of extravagant expenditures that this administration has indulged in.

The bill as it stands today is, perhaps, the nearest thing to a political gesture that has been considered in this Congress, and it is so recognized all over the country. It is not a revenue measure insofar as the amount of revenue it produces is concerned—around $250,000,000. This would pay the current running expenses of this Government for about 11 days.

That is not a Budget-balancing project at all. I call to the attention of Members of the House the fact that when our distinguished Vice President was the Speaker of this House he came from that rostrum down to the floor and made a speech like an evangelist might make, to bring people within the fold. We had under consideration the manufacturers' excise tax at that time, and the question arose as to whether we should balance the Budget. After making a very plaintive and a very personal appeal to all of the Members of the House, that distinguished Speaker at that time had this to say:

> At the risk of being criticized I want to give to the world and to the country today, if I can, an expression of this House, so that the world and the country may realize that we are going to balance the Budget. Mr. Chairman, may I do an unusual thing? I may be criticized for it, but I want every man and every woman in this House who votes to balance the Budget and who is willing to go along with that effort to try to balance the Budget, to rise in their seats.

Then there is a note in parenthesis to the effect that there was applause, the Members rising. Mr. Speaker, I watched that performance very closely, and I think there was only one Member in the House who did not rise and that was the present distinguished Speaker of the House who only a few hours before had declared that there was no necessity of balancing the Budget. Then the distinguished gentleman from Texas, Mr. Garner, now our Vice President, continued:

> Now, if they do not mind, those who do not want to balance the Budget can rise in their seats.

And there is a note in parenthesis in the RECORD there that no one arose. So it was unanimous, evidently, on both sides of the House, because we on this side certainly wanted to balance the Budget. We had introduced a bill for a manufacturers' sales tax which we thought would balance the Budget and would eliminate forever the nuisance taxes, which have been such a trouble to the people of this country.

Mr. DONDERO. What is the date of that?

Mr. CROWTHER. March 29, 1932. After nobody had risen against it, the distinguished Speaker then said:

> I think that ought to restore to the American people confidence in our country.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. CROWTHER. Yes.

Mr. DOUGHTON. The gentleman will recall that notwithstanding that patriotic response made by the House of Representatives to the message from the President, who was then Mr. Hoover, to balance the Budget, we endeavored to raise, I believe, $300,000,000, but in spite of that effort we fell short of balancing the Budget by something like three or four hundred million dollars, and still the Republic stands, and Heaven and earth did not pass away.

Mr. CROWTHER. If the gentleman will remember, that was nearly a billion-dollar tax bill.

Mr. DOUGHTON. Oh, no; I disagree with the gentleman. That special tax was no billion-dollar tax bill. We first proposed a manufacturers' sale tax, to raise a certain amount, and when that was defeated we came in with another bill to raise taxes, but it was not near a billion dollars.

Mr. CROWTHER. I am sure the gentleman is mistaken, but the fact remains that there is a present necessity of balancing the Budget. I realize there is nothing that would give the people of this country, the business people of the country, a greater degree of confidence than to know that this Congress had determined—not to balance the Budget this year, for I doubt if you can even balance it next year, but certainly they are entitled to the promise and an effort on the part of the Ways and Means Committee and this Congress—to balance the Budget, and the statement that there will be an attempt to balance the Budget within 4 or 5 years.

That is the only sane way it can be approached. We cannot levy taxes today to balance the Budget. They would be equivalent to a capital tax that would be destructive. This new tax that is being put on, this additional 40 or 50 cents on capital stock, closely approaches being a capital levy, because it must be paid whether the corporations make a dollar or not. That is not the kind of taxes that ought to be laid. I think we all agree and the people of this country are satisfied that this administration should do something on the other side of the ledger, and in some common-sense way convey to the people of this country that there is an intention on the part of this Congress to lay sufficient taxes to balance the Budget. We should have laid not less than a half or three-quarters of a billion in this tax bill, 25 percent more than the present Budget needs. I mean the ordinary Budget. Let that be laid over 4 or 5 years until we catch up, perhaps in 1939 or 1940, because it is going to be a long, slow drag uphill. We cannot have restoration to normal conditions in a period of less than 5 or 10 years, and we ought to prepare for it. But instead of that the majority yielded to expediency. They soaked the rich and soaked the thrifty instead of writing a common-sense tax bill, commencing with a thorough revision of the rates all the way down the line. That is what should have been done, because everybody in this country is willing to contribute to balancing the Budget if they know it is going to be done; but they certainly are going to ask you to do this. It ought to be a twin program. Together with revising the rate structure and raising sufficient money for the lap-over in the balance of 5 years, you ought to accompany that with a program of drastically decreased spending. Otherwise the money that we raise will be futile.

The Secretary of the Treasury came before the Ways and Means Committee and said this money was to pay amortization costs on the national debt; that the gold profit had been put in a separate drawer in the Treasury; the silver profit had been put in another drawer. He recommended that a third drawer be built in the Treasury to put these receipts, to pay the interest charges; and, finally, to reduce the national debt. As far as this amount of money is applicable to the national debt, they could put the drawer in the eye of a humming bird and it would not affect his eyesight for a minute. [Laughter.]

I may say at this time that I am speaking in no partisan spirit. I am speaking as the present Vice President did in 1932. He said:

> We may have differences among ourselves, but in our hearts we are patriotic and loyal. We want to serve this public regardless of party. This is a sensible Congress, and I hope we can get sensible results.

It is in that vein I am speaking now.

At this time I want to pay a tribute to the chairman of our committee for the wonderful patience and the tireless effort he has exhibited in coordinating the various legislative proposals that have come before the Ways and Means Committee. He has had a terrific task.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman 2 additional minutes. [Laughter.]

Mr. CROWTHER. Mr. Speaker, that is one 2 minutes I was sure of getting. [Laughter.]

May I at the same time convey the good wishes of the minority to all the members of the majority? Our associations have been most friendly and they have been happy. We have worked with a common effort. We have disagreed and had wide disagreements at times. We have had some words that were hot enough, if they were spit, to burn the grass on a golf course, but after it was all over we were still friends and united in an effort for our great country and for its preservation.

Mr. Speaker, I take this opportunity of thanking them.

Mr. Speaker, the gentleman from Washington [Mr. SAMUEL B. HILL] is entitled to a great deal of credit, because I believe that the increase in receipts in this last year has been largely due to the efforts made by the gentleman's subcommittee in closing up the rat holes of escape and evasion that were in our old law. The gentleman and his committee have been very helpful in increasing the revenue to the Treasury at this time. [Applause.]

[Here the gavel fell.]

Mr. CROWTHER. Mr. Speaker, I ask unanimous consent that I may insert in my remarks a joint statement of three paragraphs made by the dissenting members of the conference committee on the bill, H. R. 8974.

The SPEAKER pro tempore [Mr. WOODRUM]. Without objection it is so ordered.

There was no objection.

The matter referred to is as follows:

JOINT STATEMENT BY DISSENTING MEMBERS OF THE CONFERENCE COMMITTEE CONSIDERING H. R. 8974

We have not signed the conference report on the tax bill because we do not wish in any way to be a party to the final enactment of this legislative absurdity.

It is not a revenue bill, and as everybody knows it was never intended to be. The only reason it is before Congress is because the President asked for it, and the only reason it will be passed is because the President wants it passed.

No one can justify the bill. It is significant that neither the House Ways and Means Committee nor the Senate Finance Committee even attempted to do so in their respective reports on the bill. Their silence in this respect is eloquent testimony of the absence of any valid excuse for its enactment.

It has not been possible for the conferees to work out a good bill from either the House or Senate provisions. Their whole effort has been confined to salvaging as many of the President's original suggestions as possible, irrespective of merit, and at the same time they have kept in mind the fact that they must provide at least $250,000,000 of revenue in order to keep the bill from being made any more ridiculous as a tax measure. Under the circumstances it is no wonder that the compromise agreement is unscientific and unsound.

The revenue to be raised would pay the current running expenses of the Government for approximately 11 days, and it is but one-fifteenth of the amount of the deficit for the last fiscal year. Hence it is an absolute joke as a revenue measure.

If it is necessary to come $250,000,000 closer to balancing the Budget, the amount could very readily be realized, without the necessity of imposing further burdensome taxation, by the simple expedient of eliminating some of the unnecessary, wasteful, and extravagant expenditures now being made by the administration.

Perhaps the most objectionable feature of the compromise bill is that providing for a graduated income tax on corporations ranging from 12½ to 15 percent, in lieu of the present flat rate of 13¾ percent. This provision is in the bill merely to satisfy a whim of the President. It is unfair and unjust, and violates the principle of ability to pay. Corporations are merely aggregations of individuals, and under the graduated tax the numerous small taxpayers of a large corporation (for example, the 700,000 stockholders in the American Telephone & Telegraph Co.) would have to bear a greater burden than the very wealthy stockholders of smaller corporations. Aside from this fact, any increase in corporation taxes at this time will only add further impediments in the way of business recovery.

Senator JESSE H. METCALF.
Representative ALLEN T. TREADWAY.
Representative ISAAC BACHARACH.

Mr. DOUGHTON. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Speaker, I do not object to higher taxes on incomes, for I realize, as the whole country ultimately must, that we cannot continue forever to boost expenditures without providing for increased revenues. I prefer taxation, even although confiscatory, to inflation, for while taxation at the rates provided in this bill will take much of the wealth of the people, inflation would destroy it all. It is not the fact that you are in this bill imposing the heaviest income taxes levied by any government in the world that disturbs me, but the knowledge that you are doing it without at the same time subjecting income from tax-exempt securities to taxation.

You think you are soaking the rich, but you are not. By this legislation you are accomplishing one thing, and one thing only. You are driving all the rich into the safe dugouts of tax exemption and thereby forcing the poor to pay all the taxes.

High taxes on other incomes, coupled with the exemption of incomes derived from interest on Government bonds, does not make sense. You will never reach the swollen fortunes of America—the really dangerous accumulations of wealth—until you stop making it possible for millionaires to escape taxation. Your gesture may fool a few temporarily; in the long run it will fool none. When the forgotten man—forgotten except when the tax collector sees a chance to squeeze another dollar out of him—realizes what you have done to him, how you have coddled the usurers and penalized the workers, he will curse the new deal and all its works and vote into well-deserved oblivion those who have perpetrated this terrible hoax.

Two years ago, at the other end of the capitol, there was an investigation which disclosed that J. Pierpont Morgan for 3 years had practically paid no taxes and that Charles Mitchell had cheated the Government by selling securities to his wife. Rightly there was a wave of indignation that swept over the land. Measures were taken to close the loopholes which smart lawyers had found in the income-tax law. These tax evaders had taken advantage of an exemption, the exemption from taxation of current income to the extent that it was offset by past losses charged during the current year. We amended the law and limited the losses that could be offset. We took away a part of the exemption.

But there is another kind of exemption, another kind of evasion, the losses from which amount every year to many times those resulting from the devices to which Mr. Morgan and Mr. Mitchell resorted. The other body, by a margin of one vote, decided that the Federal Government should not extend further opportunity for that kind of evasion, that it should not issue any more tax-exempt bonds. One would suppose that after the President had spoken so scornfully of the "thrifty men" who had avoided the payment of taxes by investing their money in such bonds, those who had always been obedient under his lash would move quickly to make such avoidance impossible in the future. One would suppose that a President who had used brave words would follow them up with brave deeds, and that he would place upon his "must" list the resolution to amend the Constitution so as to make the income from all Government bonds taxable.

It is more important than ever now, when we are imposing heavier taxes upon incomes from other sources, that we close the doors of exemption to the holders of Government securities and make those who pay no taxes, however large their incomes, carry their just share of the tax load. It is more important, because to impose heavier taxes upon income from business while large issues of tax-free bonds are being constantly placed on the market, is to invite capital to shirk to an even greater extent than during the past 5 years, its responsibility to revive industry and promote recovery.

What would induce a taxpayer in the highest bracket, if he happens to live in a State with a high income-tax rate and has to pay an aggregate rate of 90 percent on his income, to put his money into any other investment, when 3-percent tax-exempt bonds are available? Such a man, in order to get a net return as great as a 3-percent bond yields, would have to find a private investment earning 30 percent. Obviously, there are no such private investments. Obviously,

therefore, capital will not be able to get back into business until one of two things happens: A reduction of taxes on income from private enterprise or an income tax that reaches income from Government bonds. The whole recovery effort depends on getting capital back into productive enterprise—into wage-paying enterprise. That effort will be completely checkmated by the tax program we are now putting into effect.

Farmers, business men, and home owners complain of high interest rates—rates that are out of balance with the present earning power of the people. Everybody should complain, for the evil effects of high interest rates reach every person, whether he owes a single dollar or not. Usury is responsible in a large measure for the freight rates we pay to debt-burdened railroad companies, for the prices we pay for gas and electricity. Usury, collected from the producer of raw materials, from the manufacturer, the wholesaler, and the retailer, is reflected in the high cost of living. Usury makes rents high and wages low.

Interest that is out of line with the general income level deprives the debt-ridden millions of their buying power, paralyzes business, and puts workingmen on the streets. It starves the many and gluts the few with hoarded wealth.

Talk of sharing the wealth! The only economically sound way of dividing up is to put the debtor and the creditor back into the same relative position they were in before the price level dropped. That can be accomplished, not by the bootstrap-lifting method of raising prices but by removing the artificial device which has prevented interest rates from dropping to their natural level. That device is the exemption of income from Government bonds from taxation.

Interest rates are fixed by those who control sizable aggregations of capital. Such persons are in the higher income-tax brackets. They cannot afford to lend on the doubtful security of a private venture, the success of which is dependent upon the hazards of business in a rapidly changing world, unless they can get a rate that will net, after taxes, as much as they can earn from tax-exempt bonds. Hence, the wider the margin of income absorbed by taxes, the higher will be the minimum rate which they will charge on ordinary loans, so long as they have opportunity to invest in tax-exempt bonds. That there will be ample opportunity appears from the fact that in addition to $20,000,000,000 of State and municipal bonds there will be $45,000,000,000 of United States bonds available before existing authorizations have been exhausted. So long as the wealthy of the country have access to tax-free bonds, aggregating $65,000,000,000, secured by a first lien on America's $200,000,000,000 of physical wealth, they will have no incentive to invest in farm and home mortgages and corporation bonds unless these carry a rate in excess of what borrowers can afford to pay. There will be no "cheap money" for the common people until the doors of exemption are closed to the rich.

There is only one argument that has been advanced seriously against the taxation of income derived from Government bonds. It has been said that such taxation would result in increasing the rates on such obligations sufficiently to absorb the tax revenue that could be collected. That contention is plausible but not sound. A simple mathematical computation will answer it. Let us suppose that a 4-percent bond, tax exempt, running for say 20 years, is worth par on the basis of the prevailing money market. What would it be worth if taxed? Obviously it would be worth more to a potential investor in the lower income-tax bracket than to one in the higher, for the investor paying an 8-percent tax would receive as his net return not 4 percent but 4 percent less 8 percent of 4 percent, or 3.68 percent. He could afford to pay for the bond the present worth of $1,000 payable in 20 years at 3.68 percent, money being worth 4 percent—a computation every schoolboy has learned to make. He would bid a little less than $1,000.

The income-tax payer in the highest bracket, paying a 75-percent tax, would earn not 4 percent but approximately 1 percent net. In order to ascertain at what price to buy the bond in order to earn 4 percent net he would have to determine by mathematical calculation the present worth of $1,000 payable in 20 years at 1 percent, money being worth 4—which would be considerably less than $1,000.

On the day appointed the two men would bid. The higher bidder would get the bond. If the 75-percent income-tax payer wanted it, he would have to pay what the 8-percent income-tax payer could afford to give. If the 75-percent taxpayer got the bond, the Government would gain in the amount that his bid exceeded what the bond was worth to him at 4 percent. If he did not bid high enough to get the bond, he would be forced to get out of the retreat where those investors who refuse to take the hazards of business have in increasing numbers found refuge during the last years. In that event the objective which the administration has sought to accomplish—forcing money into the usual channels of trade where it will start the wheels of industry—would be attained.

There is no argument for tax exemption that bears close analysis. When some pay less taxes than they should, others pay more than they should. The forgotten man in the long run will bear the burden of the present effort to soak the rich. If he does not pay directly he will pay indirectly, in higher prices, in lower wages, and in postponement of the day of recovery.

It has been said that the return of prosperity depends upon a revival of the heavy industries. There would soon be a building boom in this country if rents were lowered so that every family that lives in 3 rooms could afford 6. Rents could be lowered, and would be lowered, if home mortgages bore 3½-percent instead of 7-percent interest, if a part of the tax burden on real estate were shifted to income from Government bonds, and if the freight rates on building material could be made to reflect a less burdensome financial structure.

A tax system that forces men to keep their estates liquid in anticipation of confiscatory inheritance taxes, that compels them to invest in easily marketable securities rather than in unmarketable plants and structures, that makes it more profitable to finance Government operations than business ventures, will retard recovery, encourage governmental extravagance, and destroy private initiative. Such a system will give socialistic enterprise an advantage over private enterprise, and thereby serve to break down our present economic system. Tax exemption presents definitely a more serious threat to our institutions than the empty mouthings of the gentlemen who recently met in Moscow to plot world revolution. Socialism, if it ever comes in this country, will come as the result of the confiscation of private property by taxation.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the Resident Commissioner from the Philippine Islands [Mr. DELGADO].

Mr. DELGADO. Mr. Speaker, I regret exceedingly that I should be compelled to rise in opposition to a bill that I know is a "must" bill, a measure that has to be enacted into law before this session may be brought to a close, but I would be remiss in my duty if I did not voice my emphatic protest against one of the amendments inserted at the last minute in the Senate to the bill now being reported by the House conference committee. I refer, Mr. Speaker, to section 402 which imposes what is called a "compensatory tax" on products made chiefly from coconut oil.

This, Mr. Speaker, is a flagrant violation of the trade compact contained in the Tydings-McDuffie Act passed only last year and by a great majority of the Membership of both Houses of the Seventy-third Congress. This act established the terms and conditions under which American-Philippine commercial relations would be carried on for the next 10 years. In your magnanimity you provided in this law that its provisions shall not take effect until accepted by the Philippine Legislature or by a convention called for that purpose. Pursuant to this requirement, the Philippine Legislature did accept the law, assuming, of course, that such acceptance would, as it should, mean that this Congress will not undertake to change the provisions thus accepted without the consent of the people of the Philippines or of its authorized representatives. The Filipino people ratified that acceptance by an overwhelming majority.

The Tydings-McDuffie Act changes radically enough the trade relations existing heretofore between the United States and the Philippine Islands by restricting the free entry of many of our principal products into this country. Our people do not believe that these restrictions are entirely fair to us, at least so long as you exercise sovereignty over the islands. Nevertheless, we accepted the law ready to bear the consequences of the restrictions contained therein, onerous as they patently are, for the sake of having a foundation upon which we might build a stable economic structure.

But it is not the value involved, reckoned in dollars and cents, that causes us great concern. It is the feeling of insecurity that will necessarily follow the changes in the Tydings-McDuffie Act brought about by piecemeal legislation such as section 402 of the Revenue Bill under consideration, which has the effect of undermining the economic foundations laid down by that act. But disregarding completely our own material and moral interests in this issue, and considering the question purely from the angle of American advantages, it would require no astute logic nor a keen sense of observation to come to the conclusion that curtailment of Philippine sales to the United States would necessarily result in the lessening of the buying capacity of the people of the islands which in turn would result in the destruction of the eighth best market for American goods.

I know you are a practical and business-minded people. You are spending billions of dollars in surveying the possibilities of new markets and in expanding your foreign trade. The Philippines, Mr. Speaker, is not a mere possibility, but a market that is already yours. Would you give it away and sacrifice the benefits derived therefrom by the whole country only to please certain groups whose interests are limited to a few industries? The logic of the situation may be made clear by offering as an example the sad plight of your textile industry in the Philippines.

Recently, 60 distinguished Members of the House strongly endorsed a petition for an increased Philippine tariff on cotton goods with a view to enable the American producers of this commodity to cope with the competition brought about in the islands by countries producing textiles at a lower cost. We are whole-heartedly with you and are most willing to cooperate with you in saving your textile industry from the overshadowing ruin with which it is menaced in the Philippine market. [Applause.] But you can readily discern that this cooperation could be given only by increasing the cost of living for all Filipinos since we have to import almost all our requirements in the cotton-fabric line. Under the present state of affairs where the buying capacity of the average Filipino is being sliced to the bone by the gradual curtailment of Philippine exports to the only market at present available, it is hard to conceive how a greater protection could be extended to American textiles shipped to the Philippines. I do hope, however, that a satisfactory solution to this grave problem may be found.

I think I am justified in venturing the statement that the administration and many of you gentlemen are against the adoption of this Senate amendment, but, in view of the parliamentary situation created which places you in the dilemma of casting your votes against the whole bill just to eliminate this amendment or accept it, I am not so presumptuous as to hope that you would allow this whole measure, which affects the welfare of 130,000,000 American citizens, fail of passage for the sake of giving heed to the just protest of 14,000,000 Filipinos.

I would seem proper at this point, Mr. Speaker, to bring to recollection the recorded fact that the Filipinos have strenuously opposed the establishment of the so-called "free-trade" relations between America and the Philippines. Well-intentioned and lofty-minded American statesmen imposed these free-trade relations upon the Filipinos as a matter of principle. They could not feel at rest and in peace with their conscience while a condition existed whereby American products went to the Philippines duty free while Philippine commodities were admitted into America only after payment of the prescribed import taxes. The Filipinos were moved to oppose this act of justice on the part of America primarily on political grounds, although this attitude on their part was not wholly devoid of practical reasons.

A cursory glance at the statistical data on Philippine-American and foreign commerce would suffice to enable the impartial observer of Philippine affairs to discover these practical reasons. I shall presently offer these data for the purpose of setting aright certain mistaken notions concerning the possibilities and potentialities of Philippine foreign trade. Before so doing, I deem it not only proper but just to state that for 7 years previous to the imposition of the Philippine-American free trade, from March 8, 1902, to August 5, 1909, Philippine products were admitted into the United States with a preferential tariff reduction of 25 percent, whereas American commodities going to the Philippines paid full duties. From the latter date, however, while importations into the Philippines from the United States had been exempted from the payment of any levies, duty-free entry of Philippine products into the United States was denied to sugar in excess of 300,000 long tons annually; cigars in excess of 150,000,000; wrapper tobacco in excess of 300,000 pounds, and filler tobacco in excess of 1,000,000 pounds. Full duty was retained upon Philippine rice, and the law made dutiable Philippine products or manufactures containing foreign material in excess of 20 percent of their value.

The effect of this trade agreement should be obvious to all to require elaboration. Suffice it to say that the expectations of the supporters of the idea of American-Philippine free trade were abundantly realized. The volume of American sales to the Philippines registered substantial and steady gains, and so did the sum total of Philippine exportations to the United States. Proportionately, however, the Philippines lost in the bargain, for while American sales to the Philippines have augmented 91 times—from $1,353,086 in 1899 to $92,592,950 in 1929—American purchases of Philippine products increased only 32 times—from $3,935,235 in 1899 to $124,465,473 in 1929.

As to what the future had in store for Philippine foreign commerce if free trade between the United States and the islands had never been established may be gleaned with fair accuracy from the following figures showing the value, in American gold dollars, of merchandise imported into and exported from the Philippines from 1854 down to 1901, the year previous to the first tariff concession of 25 percent granted to products entering the United States from the islands:

	Imports	Exports
1854	$3,978,721	$6,728,407
1855	4,459,177	6,432,600
1856	7,312,784	9,597,290
1857	10,532,450	12,646,447
1858	6,093,295	9,895,357
1860	9,286,565	10,104,775
1861	10,650,494	8,464,774
1862	7,341,579	9,625,003
1863	7,889,079	10,628,045
1864	11,520,794	11,262,345
1865	18,789,068	22,008,554
1866	18,634,575	23,338,232
1867	15,841,220	22,964,100
1873	13,478,227	23,985,923
1874	13,770,034	17,386,031
1875	11,924,432	18,470,168
1876	10,964,657	13,572,132
1877	18,449,670	15,452,692
1878	15,674,237	15,835,084
1879	15,923,659	16,614,159
1880	22,938,888	21,100,566
1881	18,485,483	21,867,942
1882	18,970,978	18,446,815
1883	18,584,902	23,009,270
1884	18,579,838	19,827,392
1885	16,027,716	20,497,416
1886	15,089,524	20,103,559
1887	13,491,240	19,437,894
1888	15,660,343	19,414,951
1889	18,216,358	25,664,337
1890	16,277,305	21,552,784
1891	16,804,783	20,886,431
1892	16,310,137	19,158,354
1893	15,893,094	22,240,550
1894	14,245,006	16,535,212
1898	5,380,963	[1] 5,165,356
1899	19,192,986	14,846,582
1900	24,863,779	22,990,373
1901	30,162,471	24,503,353

[1] August to December.

The figures for the years 1859, 1868 to 1872, inclusive, and 1895 to 1897, inclusive, are missing from this table because efforts to locate them proved unavailing, but the data given covers a period of almost half a century, 48 years to be exact, immediately preceding the advent of American-Philippine free-trade relations.

What do these figures suggest to the fair-minded and unbiased student of the trend and development of a country's economy? That the growth of population, which carries with it increased consumption as well as production, has brought increment to the volume of the commercial intercourse of the Philippines with other countries. The progress was gradual and steady, with slight retrogressions at times but stable because it was free from any artificial stimulus. The balance of trade has been in favor of the islands except in 5 of the 35 years immediately preceding American occupation of the Philippines. The unfavorable balance of trade against the islands from 1898 to 1901 can be directly traced to the decline in production due to the armed strife between Americans and Filipinos that was raging during those years on Philippine soil.

The conclusion seems clear from the figures just given that Philippine foreign commerce would not have remained stationary or stagnant because of lack of the abnormal incentive of tariff protection. True it is that the advance would have been less spectacular and meteoric, but certainly it would have been of a more stable and less dependent nature.

Under this natural process of development of a country's economy, taking into account the increase in our population, our foreign commerce might have grown to only half of its present volume, but it would have been a permanent gain, uninfluenced and uncontrolled as it were by fictitious conditions.

But what is the situation that an overseas trade swollen to its present proportions by the expedient of tariff protection over which we have no control has created? It requires no effort of the imagination to perceive the fact that our country's economy would be deflated to virtual nothingness if the tariff balloon to which it has been forcibly attached since August 5, 1909, were inflicted the smallest puncture.

This inflationary process was given further impetus by the United States Tariff Act of 1913 which removed all duties on Philippine products coming into America except on those containing foreign material in excess of 20 percent of their value. Its effect has been, of course, to divert the Philippine foreign trade from its former competitive channels into the reservoir of monopoly.

Notwithstanding these potential inducements, the Filipinos had been rather slow, apathetic, I might say, in taking full advantage of the extraordinary opportunities offered their products in the American markets. The growth of the production of Philippine exportable commodities has therefore been kept at a normal pace.

Let me illustrate this point with a brief account of the development of Philippine sugar production. The highest annual exportation of this commodity attained before the advent of free trade was in 1895 when the country shipped to foreign markets 341,470 metric tons. Although as I have said before the Tariff Act of 1909 allowed 300,000 long tons of Philippine sugar to come to the United States duty exempt, and the Tariff Act of 1913 removed this restriction, the volume of sugar exports from the islands never attained the 1895 record until 1924, 15 years after the advent of free trade, when the country exported 357,830 metric tons of the sweet.

It was only after continued and insistent persuasion on the part of Federal agencies having jurisdiction over Philippine affairs, effectively seconded by the insular administration with grants of loans on very liberal terms through the Government-controlled bank for the erection of modern sugar mills, that the Filipino sugar planters finally acceded to cooperate in the movement to make the most of the American tariff concessions by increasing the yield of their lands. They were told that America produced but one-fifth of its sugar requirements, and since other sugar-producing countries had to pay duty while Philippine sugar was exempt from any levies, it was quite obvious that there was everything to gain and nothing to lose in the venture. Henceforth, they pledged their lands as security for the money loaned for the construction of sugar mills that would give their sugarcane greater yield of the sweet. Since the new plants needed more sugarcane to operate at a profit, every square inch of available ground in the old sugar region of the islands was plowed and planted to supply the new mills with the raw material required. Farmers who for generations had been engaged in sugar production and gave it up in despair because they found the returns meager and without prospects of betterment dusted off their old implements, and once more took up the cultivation of the crop that gave sustenance to their ancestors. The industry, thus stimulated, grew to the extent of attaining a maximum yearly production of about 1,500,000 long tons.

Sugar production in the United States is still four-fifths below its consumption requirements, which is patently indicative of the fact that American consumers of the sweet must either curtail its use or supply the deficit in the domestic production with imported sugar. Yet, on March 24, 1934, Congress enacted a law limiting the free entry to America of Philippine sugars to 50,000 long tons of refined and 800,000 long tons of unrefined sugar annually for a period of 5 years, and levying a graduated export tax for the succeeding 5 years which would have the effect of virtually closing the American markets to sugar coming from the islands from the second year of the collection of such tax.

The Filipino planters of sugarcane that pledged their lands as guaranty for the loans granted by the bank for the erection of sugar mills would be unable to meet these obligations within the next 7 or 8 years, with the result that they either will be dispossessed of their lands or the people at large would be made to sustain the loss since, as I said before, the creditor bank is a Government-controlled institution.

We are not greatly disturbed by the fact that our sugar and, I may properly add, our coconut oil, another industry developed exclusively under the aegis of free trade, are subjected to certain restrictions in the American market, while American products and manufactures are allowed free entry in unlimited quantities into the Philippines. What perplexes us is that you virtually tell us in this law of March 24, 1934, to make preparations to enter the competitive markets of the world, on the one hand, and on the other you set up barriers in that same law that would render such preparations impossible of realization.

It has been asserted in this Chamber, as well as in the Senate during the discussion of the measure that became Public, No. 127, Seventy-third Congress, that the purpose of the United States Congress in fixing in the law a preparatory or transition period of 10 years was to enable the islands to become commercially and economically independent from America before Philippine political independence becomes an accomplished fact. I grant most readily that the means devised to achieve that end were conceived in a spirit of helpfulness, but it is not hard to visualize that the results will fall far short of the expectations of the good men and good women of this Congress, who meant to set an example to the world of devotion to the cause of human freedom.

In support of this viewpoint it would suffice, I think, to call attention to the fact that during these 10 years of preparation our commercial outlet in America will be gradually shut to our exportable commodities, but we are virtually incapacitated to seek other markets for our surpluses since these can be secured only by means of trade agreements which the law specifically states "shall be under the direct supervision and control of the United States."

We could make no trade arrangements with other countries in favor of our products without agreeing to grant reciprocal concessions in our markets to their products. It is therefore apparent that an agreement of this nature will necessarily affect adversely American exportations into the

Philippines and, consequently, no American chief executive can reasonably be expected to give it validity.

It has been averred that inasmuch as the Filipinos had accepted the law that contains such a glaring inconsistency, no other course is open to this Nation than to complete the transaction, providing the conditions specified in the Act are fully met. Yet, a few days after this law was signed by the President, the stipulation contained therein in respect to coconut oil was completely ignored by subjecting this product to the payment of a levy—the excise tax—from which, under the terms of the law, it should have been exempt. On top of this it is proposed by section 402 of the revenue bill, which I am now opposing, to levy additional burdens.

And because we seek to render workable the plan of this Congress to secure not only political but also economic independence to the Philippines, we are held before the eyes of the world as an unfair and ungrateful people.

This brings us to the consideration of a very delicate subject which I would rather not comment upon. Still I could not conscientiously shirk the issue, for, as the distinguished Senator from Idaho, the Honorable WILLIAM E. BORAH, rightfully wrote in the foreword to the book entitled "Philippine Uncertainty":

> Simplicity of heart, candid, open, frank, and fair dealing ought to be cardinal and first principles in all matters which have to do with the liberty and independence of a people.

I am certain that I voice the sentiment of every Filipino, old and young, man, woman, and child, when I say, as I do now, that we are profoundly grateful for all the progress, for all the material improvements bestowed upon us by American initiative and supervision. I admit, most whole-heartedly, that you have been generous to us beyond comprehension, but I am compelled to correct the statement that we have asked you to enter an agreement which will continue after our national independence, and under which the American people will continue to tax themselves for the purpose of keeping the Filipino people prosperous and successful indefinitely.

As I said before, free trade was never sought by the Filipinos. On the contrary, the Philippine Assembly adopted on March 27, 1909, a resolution petitioning Congress not to establish free trade on the ground that free trade between the United States and the islands would in the future become highly prejudicial to the economic interests of the Philippine people and would bring about a situation which might hinder the attainment of the independence of the said people. Limited free trade was, nevertheless, established for the avowed purpose of benefiting consumers of sugar in the United States. In 1913, without solicitation on the part of the Filipinos, Congress removed the restrictions contained in the Tariff Act of 1909 and established complete free trade. In pleading for this trade relationship between the United States and the Philippines, the late Oscar Underwood, at that time Democratic leader in the House, said:

> We could not honestly face those dependent people who give us free trade in their markets if we close our doors here * * *. Because we do not want to stand and face the world in such a position as that and say (to the Filipinos) that under our law we command you to open the door so that American goods can flow into your country, because we have the power to do it, and then turn around and say to them that on the only thing they can import, practically, into our country and make a market for we will close our doors and prevent them developing their trade. I say that no true-born American citizen who faces this question fairly and squarely and understands the situation will consent to that.

At the time of the enactment of the Tydings-McDuffie Act the estimated sugar production and consumption of the United States was given by the Bureau of Agricultural Economics of the United States Department of Agriculture as follows:

	Short tons
Estimated consumption requirements for 1934	6,476,000
Production, calendar year 1932–33:	
Continental United States—short tons	1,539,000
Hawaii—do	1,008,000
Puerto Rico—do	816,000
Total domestic production	3,363,295
Requirement above production	3,112,705

If sugar is not beyond the pale of the economic law of supply and demand, the inescapable conclusion is that the American public would be benefited rather than taxed by the free admission of Philippine sugar into the American market, and the American sugar producer would not be in the least affected by it.

Notwithstanding the compelling eloquence of these figures and the unassailableness of the fact they establish that Philippine sugar cannot, under present levels of American production of this commodity, be the source of any factual material harm to domestic sugar producers, it is gratuitously insisted that we desire our prosperity at the expense of the economic ruin of these producers.

Let us grant for the sake of argument that this legislation is sound and well founded. Let us concede as well the correctness of the assertion that Philippine prosperity cannot be preserved except through the consent of this country to enter an agreement under which the American people will continue to tax themselves for the purpose of keeping the Filipino people prosperous and successful indefinitely. Indeed, it would require a prowess of mental prestidigitation to reconcile these pronouncements with the suggestion that that burden upon the American people would be lifted and the ruin of the American sugar producer averted by allowing the Filipinos to become a completely self-governing political entity, like one of your own States.

It would seem proper at this point to submit to you the recorded fact that the first political party organized in the Philippines had for its objective the attainment of statehood in the American federation of States. This movement was, however, at once discouraged as unfeasible under your ideas and principles of government. You seceded from the British Empire principally because of trade discrimination. Certainly, you cannot reasonably expect a people whom you have taught your own history and your own ideas and ideals on human rights to lend their consent to become the poor relation in the American national home and retain their self-respect and your respect.

The point has been stressed time and again that American-Philippine trade relations have advantaged the Filipinos more than they have benefited Americans, and the balances of trade between the two countries have been invoked and are still being flaunted in support of this contention. Once more I wish to assure you at this juncture that we are grateful, profoundly thankful, for all the benefits this country and her magnanimous people have graciously bestowed upon us. But this sentiment that has ever been aglow in the heart of every Filipino should not be allowed to overshadow the facts when the inalienable rights of a people to liberty are involved.

Allow me, therefore, to submit to your consideration the figures showing the trend and fluctuations of American-Philippine commercial intercourse during the half of a century immediately preceding the advent of free trade between the two countries, and by way of comparison the statistical data covering the periods under free trade most favorable to the Philippines.

Philippine imports from and exports to the United States

[Values in United States currency]

Year	Imports	Exports	Balance		Ratio of exports to every dollar of imports
			In favor	Against	
1854	$38,268	$2,655,627	$2,617,359		$69.47
1855	30,339	1,951,600	1,921,261		64.03
1856	293,004	3,544,941	3,251,937		12.10
1857	398,621	3,277,994	2,879,373		8.22
1858	45,536	2,251,474	2,205,938		49.44
1860	403,596	3,167,385	2,763,789		7.85
1861	71,113	1,447,786	1,376,673		20.36
1862	94,234	1,568,941	1,474,707		16.65
1863	146,630	1,532,213	1,385,583		10.45
1864	152,343	2,718,599	2,566,256		17.85
1865	320,675	5,685,644	5,364,969		14.61
1866	175,968	7,606,359	7,606,359		43.23
1867	59,970	6,843,713	6,843,713		114.12
1873	32,123	7,940,642	7,430,391		247.16
1874	71,969	5,340,175	5,268,206		74.20
1875	137,856	5,787,322	5,649,466		41.98
1876	71,986	5,566,351	5,494,455		77.33
1877	141,692	5,943,592	5,801,900		41.95

Philippine imports from and exports to the United States—Con.

Year	Imports	Exports	Balance		Ratio of exports to every dollar of imports
			In favor	Against	
1878	$121,205	$5,118,605	$4,997,400		$42.23
1879	194,739	4,330,843	4,133,104		22.24
1880	442,034	9,373,658	8,931,624		21.21
1881	771,006	8,214,371	7,443,365		10.65
1882	1,378,327	6,676,949	5,298,622		4.84
1883	869,245	10,496,546	9,627,301		12.08
1884	398,900	6,868,321	6,469,421		17.22
1885	128,778	8,389,588	8,260,810		68.25
1886	424,480	6,662,200	6,237,720		15.65
1887	402,825	9,035,496	8,632,671		22.43
1888	463,187	6,951,558	6,488,371		15.00
1889	558,103	8,591,042	8,033,139		15.39
1890	540,638	3,213,204	3,672,566		5.94
1891	347,472	4,391,306	4,043,834		12.63
1892	208,331	2,902,800	2,694,469		13.93
1893	956,862	2,995,385	2,038,523		3.13
1894	362,732	3,681,615	3,318,883		10.15
1898	[1] 557,266	1,637,844	1,070,578		[1] 2.89
1899	1,353,086	3,935,255	2,582,169		2.91
1900	2,153,198	2,960,851	807,653		1.38
1901	3,534,255	4,546,292	1,012,037		1.29
1902	4,153,174	11,475,948	7,322,774		2.76
1903	3,837,100	13,071,426	9,234,326		2.29
1904	5,098,820	11,654,968	6,556,148		2.65
1905	5,589,946	14,840,407	9,250,461		2.65
1906	4,477,886	11,869,289	7,391,403		2.65
1907	5,067,538	10,329,387	5,261,849		2.04
1908	5,101,836	10,450,755	5,348,919		2.05
1909	6,445,331	14,726,513	8,281,182		2.30
1910	20,068,542	17,241,725		$2,826,817	
1911	19,156,987	19,922,627	765,640		1.30
1912	24,309,010	22,882,007		1,427,003	
1913	26,676,262	16,434,018		10,242,244	
1914	24,011,401	24,427,710	416,309		1.10
1915	26,381,069	23,653,211		2,727,878	
1916	22,862,673	35,648,132	2,786,459		1.56
1917	37,620,647	63,234,358	25,613,711		1.68
1918	58,824,611	89,146,918	30,322,307		1.52
1919	75,491,414	56,652,692		18,838,722	
1920	92,289,778	105,216,262	12,926,484		1.14
1921	74,130,015	50,356,793		23,773,222	
1922	47,738,325	64,116,600	16,378,275		1.34
1923	50,352,535	85,047,023	34,694,488		1.69
1924	60,398,603	97,313,902	36,915,299		1.61
1925	69,297,583	109,049,941	39,752,358		1.57
1926	71,575,618	100,003,215	28,424,597		1.40
1927	71,478,297	116,038,250	44,559,953		1.62
1928	83,858,067	115,585,875	31,727,808		1.38
1929	92,592,958	124,465,473	31,872,515		1.34
1930	78,183,028	105,342,061	27,159,033		1.35
1931	62,139,683	83,422,396	21,282,713		1.34
1932	51,298,000	82,648,000	31,350,000		1.61
1933	43,540,000	91,314,000	47,774,000		2.10

[1] August to December only.

Yearly average ratio of exports to every dollar of imports

1854 to 1894: Full-tariff period	$35.54
1902 to 1908: 25-percent preferential period	2.44
1909 to 1933: Free-trade period, including years of unfavorable balance	1.52

A glance at these figures should suffice to bring to any impartial mind the conviction that the trade balances in favor of the Philippines were far greater, proportionately, before the advent of free trade than at any time during its operation. And if we subtract from these favorable balances the amounts of money paid out of the Philippine treasury to American officials and employees who drew the highest salaries in the Philippine civil service from the inception of American sovereignty; the profits derived by American banking houses from operations attending the interchange of products between the two countries; marine and other kinds of insurance premiums; moneys paid for freight on American vessels; and last, but not the least, the gains accruing to the banks of this country from the use in their ordinary transactions of Philippine government funds deposited therein aggregating $61,500,000, these trade balances would thaw to a very negligible figure.

It would, therefore, seem fairer as well as more consistent with the reality of the situation to look upon the commercial relationship between America and the Philippines as profitable in about the same measure to both countries, than to twist this pleasant fact into sophistry and indulge in a wrangle as to who got the best of the other in the deal.

That the islands are rich in natural resources valuable to American manufactures and that the United States in turn are potential producers of commodities essential to Philippine life and progress are facts that cannot be justifiably denied. Our past experience in the interchange of these elements necessary to your industry and to our comfort has been mutually advantageous in every respect. The predominating position occupied by your products in our markets can be preserved, and the nook now reserved to our commodities in your field of consumption could be maintained without injury to any one. Why then, not wait for a frank exchange of views on this matter by means of an economic conference such as that announced by the President of the United States to take place shortly after the inauguration of the government of the Commonwealth of the Philippines?

Why, again, could not this question be considered independently from political questions? Certainly, no true-born American would countenance a move on the part of his Government to bargain human rights in exchange for trade concessions.

As Senator BORAH truthfully said, "Selfishness, pride, and all kinds of sophistry may be expected to have influence in determining the time when a people are entitled to independence", but I am comforted by the conviction, putting it in the words of the same distinguished statesman, that "the American people are essentially just."

Indeed, it is most distressing to note the efforts exerted in certain quarters to becloud the now almost satisfactorily solved problem of American-Philippine relations by the revivification of imaginary Philippine shortcomings and incapacities which have long become mummified from lack of the vitalizing energy that only truth can supply. At a time when the enlightened elements of both countries should be one in the thought and determination to hasten the glorious culmination of a noble experiment along the paths of human freedom and progress which is without parallel, neither in the recorded history of mankind nor in the recollection of human mind, we are disturbed by the deafening fanfare of glaring untruths about Philippine conditions and dire prognostications as to the future of the islands which, although baseless and bearing all the earmarks of egoistic propaganda, are, nevertheless, apt to attract undue attention and draw unmerited hearing. This revival of blasted myths and discredited tales seems to be gaining force and aggressiveness as the day for the inauguration of the government of the Commonwealth of the Philippines draws near. It would seem from these developments that there are elements that are bent on destroying the creditable contribution to world progress made by the good peoples of this country and of my country during the last quarter of a century.

I wish therefore to take advantage of this opportunity to denounce this destructive work in the most vigorous and emphatic terms. But realizing that the time of this Congress is sorely needed for the great national problems demanding prompt attention and speedy solution, I shall not abuse your kindness in giving me of your precious time by taxing your patience with a lengthy discourse on a subject which, although of the utmost importance to the 14,000,000 people that I have the honor and privilege of representing here, cannot justly claim precedence over questions affecting the welfare of 130,000,000 Americans. I shall merely request that I may be permitted to bring to your attention and to that of the people of the United States through the pages of the CONGRESSIONAL RECORD the facts concerning the Philippines which selfish propaganda is endeavoring to confuse and, in some instances, deliberately misrepresent and distort.

To give you an illustration of the trend and nature of this propaganda it would seem sufficient to mention the fact that it is now asserted that Filipinos lack interest in public affairs. If this allegation were true, the inescapable and sad conclusion would be that American intervention in Philippine affairs is causing retrogression rather than promoting the advancement of the political education of the inhabitants of the islands, for in 1919 the Commission sent by President Harding to investigate conditions in the Philippines reported that "Interest in the election was wide-spread. Election day passed without any serious disturbance. There was a wide general acceptance by the minority of the result of the popular vote."

Fortunately, however, and to the lasting credit of America's high achievements in the Philippines, that interest in public affairs is growing as demonstrated by the number of women who for the first time exercised the right of suffrage in connection with the ratification of the constitution of the forthcoming Philippine commonwealth. It would be well, in this connection, to draw attention to the fact that the right of suffrage has been conferred on the Filipinos gradually. At first they were permitted to elect only their municipal officials; later on they were allowed to select their provincial executives, and ultimately their national legislators.

The fact that in the last general elections 1 of every 14 registered and fully 85 percent of those registered actually cast their votes should be an unerring proof of the greater confidence of the Filipinos in the efficacy of the political system implanted by America in the Islands and a rebuke to those that would discredit this fundamental achievement of American political tutelage over an alien race.

Even our agricultural methods have been pointed out as affording a justifiable reason for a change in the decision already reached by this Congress as to the ultimate political relationship between the United States and the Philippines. It has been alleged that our farming implements and methods of planting and harvesting, especially in reference to rice, are rather primitive. Anyone taking more than 3 or 4 weeks' time to observe this phase of Philippine productive activities could hardly fail to note that that primitiveness is not due to any apathy on the part of the Filipinos to adopt the methods prescribed by a civilization nurtured and developed in a hemisphere that has to contend with soil and climatic conditions entirely different from those prevailing in the Islands.

Of course, we use carabao instead of mule to plow our rice lands. Why? For the simple economic reason that the carabao can be procured at a considerably lesser cost than the mule, and because the carabao requires no imported feed as the mule would. The use of tractors was tried on low rice lands but it was found that no tractor has yet been made that could take the place of the carabao in these lands. A similar problem concerning the stripping of Manila hemp remains unsolved. Time and again the government of the Philippines has offered prices to encourage the design of a satisfactory mechanical stripping device for hemp fiber but to this day no practical machine has been evolved.

The nipa shacks in which the greater part of the rural population of the Philippines dwell has not escaped the keen sense of observation of my country's critics. These critics contend that these bamboo houses are insanitary and very damp during the heavy rains. Yet no impartial observer can reasonably deny that the dwellers of these rickety houses get more air and sunlight in them than the inhabitants of the tenement houses in many cities and the occupants of mountain and river-bank shacks in some admittedly more progressive and enlightened countries. Necessarily peoples, even animals, must live according to the climatic and other requirements of the particular zone of the earth wherein they abide. A polar bear can no more survive in a tropical country without the aid of ice than a man from the tropics brought to Washington in January or February garbed in his tropical attire.

But some of our critics have been rather kind to us. They grant that the Filipinos are for the most part a quiet, gentle, hard-working, and worthy people; that they have made real progress in wealth, in standards of living, in education, in the development of their natural resources. They also concede that the islands are very rich in natural resources, and that they are so situated as to enable them to become the trade center for more than half the population of the earth. Yet even these kind critics express fears that a people that have made such progress, that are the possessors of a country so rich and so advantageously situated, will be wiped out from the face of the earth because of the loss of their free American markets.

I purposely omit any reference to the current prophecies on the fate of the contemplated Philippine Republic because, I am obliged to confess, sorcery, astrology, palm reading, and other methods of divination are beyond my mental capabilities.

The most widely known historical prognostication made concerning the fate of a new nation may be found in the annals of your own struggle for freedom. Curiously enough, the very same predictions made concerning the future of the then young American Republic are being almost literally repeated in reference to the Philippines.

In conclusion, Mr. Speaker, may I not enter my most earnest plea that we put in effect a truce on all speculation as to what might be the lot of the Philippines in the event of independence, and buckle down to work on the tangible question of the welfare and happiness of the American people and of the inhabitants of the Philippines from the more practical angle of the progress and prosperity of both peoples? It would be well also to call a halt to every move to amend the Tydings-McDuffie Act until the whole question of American-Philippine trade relations may be fully considered by the conference which the President has planned for next year for the purpose of going into this matter. [Applause.]

I wish to thank the distinguished chairman of the committee for giving me this time, and I want to take this opportunity to say that while 7 months ago I came here almost a stranger, you have all been so kind and courteous to me that you now make me feel like a part and parcel of this House, and even when you refused what I wanted, you made me feel under obligations to you. My sincerest gratitude to the illustrious Speaker and to each and every Member of this House. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Speaker, I want to congratulate the conference committee upon the conference report which they have brought in and in doing so to express the belief that it is a far better bill than we had before us for consideration in the House and as it came from the committee. In saying this I naturally predicate my statement upon my own personal views in reference to the matter.

It will be recalled that I offered amendments in regard to a tax on intercorporate dividends, which was voted down. I also offered amendments striking out the gift tax on donees in the House bill, as well as an amendment to strike out title II, the inheritance tax, and insert in lieu thereof increased estate-tax rates; gift tax on donee and the inheritance-tax provisions both being new taxes set up by the House committee. Both of these matters went out in the Senate. In lieu thereof they have increased the tax rate both on gifts of donors and estate taxes, which I think is a far better proposition and much easier of administration. Had they not set forward the date applicable for these two rates, I think we could have gotten a tremendous amount from transfers or conveyances of trusts that are now being indulged in. This bill as amended in the Senate makes the date applicable January 1, 1936. Naturally, with the transfers now being made, it is a question whether or not they will be reached.

In increasing the rates on gifts and estates I thought it was the intention of Congress to try to catch the transfers now being made.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. McFARLANE. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. The gentleman is referring to the estate tax as a gift tax?

Mr. McFARLANE. Yes.

Mr. SAMUEL B. HILL. Let me call the gentleman's attention to the fact that these increases will relate back to any gift that may be made from the time of the effective date of this act.

Mr. McFARLANE. That is the thing that I am interested in, and I am wondering why the committee did not make the act effective upon its passage. In that way we would catch a lot of the transfers of property now being made.

Mr. SAMUEL B. HILL. Of course, we cannot retroactively impose an excise tax, but we can increase the rate.

Mr. McFARLANE. I understand that, and I am wondering if it does not become a question of fact as to the intent of the

person at the time of making the conveyance. There is some question about that. I hope this bill will get the result that I know the President and the committee had in mind.

As to the other taxes that have been added in the Senate in keeping with the wishes of the President, was added the progressive corporation tax which was omitted by the House. They added an intercorporate dividend tax, which was omitted by the House. They struck out the inheritance tax and gift tax on donee contained in the House bill and increased the rates on existing gift and estate taxes, all of which I think is more progressive and easier of administration.

Mr. Speaker, I agree that we must drive this money out of hiding and force it into circulation and business channels before we will be able to take up the slack and stop this cycle of unemployment.

Mr. CROWTHER. Will the gentleman yield?

Mr. McFARLANE. I yield to the gentleman from New York.

Mr. CROWTHER. I wonder if the gentleman realizes the difficulty that faces us in this matter, where State and municipal bonds are involved in the property?

Mr. McFARLANE. I understand, but we must have a beginning somewhere. If we are going to pass the buck back to the States and municipalities and use that as an alibi and excuse, we will never be able to accomplish anything.

Mr. CROWTHER. Then there ought to be a cooperative effort made of some kind.

Mr. McFARLANE. I say let us start it now. We have been fighting along here for years and have gotten nowhere.

[Here the gavel fell.]

Mr. DOUGHTON. I yield the gentleman two additional minutes.

Mr. McFARLANE. Now, as to the exemptions provided in this bill, and as to the evasions and exemptions that now exist in the present law. There has been little, if any, effort made to close these loopholes.

ABOLISH THE BOARD OF TAX APPEALS

The Board of Tax Appeals is trying less than one-fourth of the cases now being filed with them. This means compromising cases involving millions of dollars of taxes. I know, and this has been called to the attention of both the Ways and Means Committee of the House and the Senate Finance Committee, the two committees dealing with taxation, and they should have given more consideration than was given toward the elimination of these loopholes that mean such a tremendous loss to the Government. This Board has not functioned as a review body as Congress intended, but has set up a lot of highly technical rules never intended by Congress, which makes it impossible for the court to properly function. This Board as it now functions means a lot of expensive litigation to the Government.

This Board ought to be repealed and a board set up in lieu thereof which would correct this situation from an administrative standpoint. That has not been attempted in this bill and I hope the situation will be corrected at the next session.

There are many evasions contrary to some of the expressions here this afternoon. There are liberal exemptions. An estate could be worth many millions of dollars and little, if any, taxes would be paid if they were properly advised by a shrewd tax attorney. The tax laws are full of exemptions for the rich and by availing themselves of these exemptions, as the law is presently written, there will be very little tax collected based on the amount of wealth which a lot of these large estates have.

I am the only Member of the House, I believe, that submitted my views on taxation to both the House and Senate committees and offered amendments to make corrections as herein suggested. I hope the next session will give more consideration to the elimination of the many loopholes now existing in our tax laws, each of which quite naturally favors the wealthy, and no doubt the exemptions written into the law by well-financed lobbies working to that end. In addition to the number of loopholes previously pointed out, I submit these additional ones for the consideration of the committee and the House for early consideration next session.

SPECIAL BENEFITS TO SPECIAL INTERESTS WHICH SHOULD BE ELIMINATED

Interest

Section 23 (b) of the present law provides for a deduction on account of interest paid or accrued within the taxable year, except on indebtedness incurred or continued to purchase or carry obligations the interest upon which is wholly exempt from tax. The indebtedness incurred by banks in paying interest on deposits is not treated as interest on money used to purchase exempt securities, even though these very deposits may be all invested in exempt securities. The effect of this construction is to make most of the larger banks exempt or practically exempt from income tax. The House attempted in writing the Revenue Act of 1934 to stop this loophole. (See pp. 21–22 of House report on the revenue bill of 1934.) In this report, the House used the following illustration:

> Suppose a bank pays interest of $16,000,000 on deposits. It receives from investing these deposits $20,000,000, of which $8,000,000 represents tax-exempt interest and $12,000,000 taxable interest. Since it is allowed to deduct the entire interest paid, namely, $16,000,000, it escapes tax entirely on the taxable interest of $12,000,000.

The Senate, however, reversed the House action and returned to the provisions of prior acts which permit banks to go practically free of tax. (See p. 24, Senate revenue bill of 1934.)

Depreciation

Congress still permits the taxpayer to deduct depreciation based on the March 1, 1934, value (sec. 113 (b), Revenue Act of 1934), despite the fact that the Supreme Court has held that the allowance for depreciation is a matter of discretion with Congress and no depreciation whatever is allowable as a constitutional right. It is interesting to note that England allows depreciation only in the case of machinery and equipment used in their business, and in that case only upon actual cost. No depreciation whatever is allowed upon buildings or upon some fictitious basis as has been done in the case of this Government.

Capital gains and losses

Section 117 of the present law holds out considerable inducement to charge taxpayers to withhold their property from sale for a long period of years. You will note that if the taxpayer sells the property in the first year he is taxable upon 100 percent of the gain. If sold after 1 year, but not more than 2, 80 percent, and if held for 10 years or more only 30 percent of the net income is subjected to tax. The forerunner of this provision was placed in the Revenue Act of 1921 at the instigation of Ogden L. Mills. The excuse for its insertion was that it would facilitate the sale of capital assets and therefore produce more revenue even at the low rate proposed at that time (12½ percent). It needs no student of taxation to see that the amendment instead of inducing taxpayers to sell property has the opposite effect because the longer held the less amount of tax. It is impossible to estimate the loss in revenue resulting from this provision. Undoubtedly, it runs into hundreds of millions since its enactment. Even under the present law it would seem to account for the loss of a good many millions per year.

Life-insurance companies

The present scheme of taxing life-insurance companies is said to have been worked out for Congress by Dr. T. S. Adams of Yale University who formerly advised Congress on internal revenue matters. The scheme itself has every evidence of having been written by the life-insurance companies' attorneys. In substance, it provides a separate method of computing income for life-insurance companies, and in the case of mutual insurance companies only the income from investments is included in gross income (secs. 201 to 203, inclusive). From the gross income there is allowed any expense allocable to investment income. Then a special deduction of 3¾ percent of the mean of its reserve funds held at the beginning and end for the taxable year is also deducted. This deduction prior to the Revenue Act of 1932 was 4 percent instead of 3¾ percent. It is a well-known fact that almost every State in the Union prescribed the amount to be set up each year by the life-insurance companies to cover its reserves.

The deduction is a matter of accounting and is carefully checked by most of the States and there seems no reason why the deduction should not be the actual amount approved by the insurance commissioner of the various States. Many of these States allow 3 percent or slightly more. When the Revenue Act of 1932 was written this fact was brought out, but the large insurance companies opposed such a proposal and it was mainly through their influence that the rate was fixed at 3¾ percent. This allows the large insurance companies to reduce their taxable income by substantial amounts in excess of their actual bookkeeping, whereas it does the small insurance companies little, if any, good whatever because these companies are required to set up a reserve of approximately 3¾ percent. A computation could be made of the loss in this respect, but it probably is in excess of $5,000,000 each year.

Recognition of gain or loss

Prior to the Revenue Act of 1921 gain or loss, with but a few exceptions in the 1918 act, was determined in the case of every transaction. In the 1921 act, however, special provisions were inserted which were designed, so Congress was informed, to postpone the tax on certain transactions. These provisions are found in section 112 of the present law, and frequently operate in such a manner as to relieve numerous transactions of any tax burden whatever. The general scheme was to postpone the tax, but it in fact postponed the actual determination of the gain or loss.

It is impossible to estimate the millions of dollars that have been lost in the past by reason of these provisions. The Ways and Means Committee considered this question at the time of the enactment of the present law, but the changes made do not materially change the nature of this section, with the result that revenue is still being lost.

Tax-free dividends

Congress continues to grant immunity from tax to dividends paid out of 1913 values. This is true despite the fact that the Supreme Court holds that these dividends may be subjected to tax. The House on two occasions has attempted to tax these profits, but in each case their attempt was checked by the action of the Finance Committee of the Senate. It was estimated during the course of the Revenue Act of 1934 that at least $10,000,000 in revenue is lost from this source each year.

Credit for foreign taxes

This country is practically the only large country which permits a credit for foreign taxes. It is very difficult to justify this credit when no credit is allowed for income taxes paid to the various States of the Union. Proponents of this credit stress the hardship that would be put on our foreign trade by its withdrawal. However, England is a country which gives great consideration to its foreign trade, and does not permit such a deduction. This is true despite the fact that the latter country has very high taxes. The loss in revenue from this source runs all the way from $20,000,000 in depression years to as high as $50,000,000 in prosperous years.

CONCLUSION

I submit to the Ways and Means Committee and to the House that if the above loopholes, along with the many other loopholes I have previously mentioned, and the amendment I have offered, are approved and the very liberal exemptions cut down to within reason, that instead of collecting about $1,000,000,000 per year, as collected this year from income tax, we would collect more than twice this amount. We all agree that a tax based on ability to pay is the fairest tax; then why not eliminate the loopholes that favor the rich at the expense of the poor and place this money into the Treasury, where it belongs, to help cover some of our staggering indebtedness? [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. FORD].

Mr. FORD of California. Mr. Speaker, in my study of congressional tax measures, this is the first tax bill in which an effort has been made to tax those who have the actual ability to pay. If my information is correct, and if the amount of money this tax bill will raise reaches $250,000,000 or $275,000,000, then that sum will amortize $6,000,000,000 of the national debt on the basis of the present interest rate that we are paying. This is on a 40-year basis. This makes the new-deal expenditures self-liquidating. For this reason, and because I believe that taxes ought to be collected, I am unqualifiedly for this measure. I say that this is the first attempt on the part of the Congress to actually place the tax burden where it belongs, i. e., on the shoulders of those who are able to pay. It is my belief that taxes should be levied on those who can pay. This bill is in full accord with my views. For that reason I am for it and will vote for it on the principle that we are now taxing in accordance with the taxpayer's ability to pay.

Mr. DOUGHTON. Mr. Speaker, I wish to express my very sincere appreciation to my good friend the gentleman from New York [Mr. CROWTHER], a distinguished Member of this House and a very able member of the Committee on Ways and Means, for his very kind and courteous remarks with respect to my services as chairman of that committee.

I also wish to correct my statement in a colloquy with him awhile ago with respect to the amount of taxes raised under a previous administration in the tax bill to which he referred. I find upon refreshing my memory that the request from the President at that time was an increase of about $900,000,000, or nearly the amount the gentleman stated. After the House had taken action and the bill had gone to the other body there came a further request from the President of the United States for an additional amount of $300,000,000, and we endeavored to increase the bill so as to raise that amount, and we did increase the bill before it was finally enacted into law to raise something like that amount. After we had done this business conditions were so unfavorable throughout the country that we failed by something like three or four hundred million dollars of balancing the Budget, but we did the very best we could.

The gentleman from New York [Mr. CROWTHER] is one of the ablest and fairest men in this House and is as nonpartisan, I believe, as any man in the House. A few years ago I thought he was one of the most active partisans in the House. I was either wrong then or he has undergone an improvement. I think it is both. I think I somewhat overestimated his partisanship and that he has experienced a considerable change. Anyway, I repeat that I have never known a more patriotic man in the performance of his duties, or a man who approaches his duties with a fairer conception of his responsibilities.

Now, Mr. Speaker, with respect to this bill, while it will not balance the Budget, it will raise a substantial sum. It will make a start in that direction, and if business continues to improve, as we all hope it will, and as it is improving now, instead of this bill producing about $250,000,000, Mr. Parker, our able expert on tax matters, estimates it will probably raise about $400,000,000. With $400,000,000 of additional revenue under this bill, and with the economies that we should, and must, effect as we get away from the requirements for relief and recovery, I think we will balance the Budget in another year or two. I sincerely hope we can, and I believe we will; and I state to the House now that I am just as anxious, and will go just as far as a man consistently or reasonably can, in an effort to reduce expenditures to the lowest possible level consistent with proper government service. I pledge myself to do this, because it is essential for the good of the entire country.

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.

Mr. SNELL. Mr. Speaker, on agreeing to the conference report I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 247, nays 73, answered "present" 3, not voting 107, as follows:

[Roll No. 199]

YEAS—247

Adair	Doxey	Kvale	Rayburn
Amlie	Drewry	Lambertson	Reilly
Arnold	Driscoll	Lambeth	Rich
Ashbrook	Driver	Larrabee	Robinson, Utah
Ayers	Duncan	Lemke	Rogers, Okla.
Barden	Dunn, Pa.	Lesinski	Ryan
Beiter	Eagle	Lewis, Md.	Sabath
Berlin	Eckert	Lloyd	Sadowski
Binderup	Edmiston	Luckey	Sanders, La.
Bloom	Ekwall	Ludlow	Sanders, Tex.
Boehne	Ellenbogen	Lundeen	Sandlin
Bolleau	Evans	McClellan	Sauthoff
Boykin	Faddis	McFarlane	Schneider
Boylan	Farley	McGehee	Schuetz
Brown, Ga.	Ferguson	McGrath	Schulte
Brown, Mich.	Fiesinger	McKeough	Scott
Brunner	Fitzpatrick	McLaughlin	Secrest
Buchanan	Flannagan	McReynolds	Shanley
Buck	Fletcher	McSwain	Sirovich
Buckler, Minn.	Ford, Calif.	Mahon	Smith, Conn.
Buckley, N. Y.	Ford, Miss.	Maloney	South
Burdick	Frey	Marcantonio	Spence
Caldwell	Fuller	Martin, Colo.	Stack
Cannon, Mo.	Gasque	Mason	Starnes
Cannon, Wis.	Gehrmann	Massingale	Steagall
Carlson	Gildea	Maverick	Stefan
Carmichael	Gingery	May	Sumners, Tex.
Carpenter	Goldsborough	Mead	Sweeney
Cary	Gray, Ind.	Meeks	Tarver
Castellow	Green	Merritt, N. Y.	Taylor, Colo.
Celler	Greenway	Miller	Taylor, S. C.
Chandler	Greenwood	Mitchell, Tenn.	Terry
Chapman	Gregory	Monaghan	Thom
Citron	Griswold	Montet	Thomason
Clark, N. C.	Guyer	Moran	Thompson
Coffee	Gwynne	Moritz	Tolan
Colden	Hancock, N. C.	Mott	Tonry
Cole, Md.	Harlan	Murdock	Turner
Colmer	Harter	Nichols	Umstead
Connery	Healey	O'Connell	Utterback
Cooley	Hennings	O'Connor	Vinson, Ga.
Cooper, Tenn.	Hildebrandt	O'Day	Vinson, Ky.
Costello	Hill, Ala.	O'Leary	Wallgren
Cox	Hill, Samuel B.	O'Neal	Walter
Cravens	Hobbs	Owen	Warren
Crosby	Hoeppel	Palmisano	Wearin
Cross, Tex.	Hope	Parsons	Weaver
Crosser, Ohio	Houston	Patman	Welch
Crowe	Huddleston	Patterson	Werner
Cullen	Hull	Patton	West
Daly	Imhoff	Pearson	Whelchel
Dear	Johnson, Okla.	Peterson, Fla.	White
Deen	Johnson, Tex.	Pettengill	Whittington
Delaney	Johnson, W. Va.	Pfeifer	Wilcox
DeRouen	Jones	Pierce	Williams
Dickstein	Kee	Pittenger	Wilson, La.
Dies	Keller	Polk	Wood
Dingell	Kennedy, Md.	Quinn	Woodrum
Disney	Kerr	Rabaut	Young
Dobbins	Kloeb	Ramsay	Zimmerman
Dorsey	Kocialkowski	Randolph	Zioncheck
Doughton	Kopplemann	Rankin	

NAYS—73

Andrews, N. Y.	Engel	Lewis, Colo.	Smith, Va.
Bacon	Englebright	Lord	Snell
Blackney	Focht	McLean	Somers, N. Y.
Bland	Gavagan	Mapes	Stewart
Bolton	Gearhart	Martin, Mass.	Taber
Burch	Granfield	Merritt, Conn.	Taylor, Tenn.
Burnham	Halleck	Michener	Thomas
Casey	Hancock, N. Y.	Millard	Tinkham
Cavicchia	Hess	Peterson, Ga.	Turpin
Christianson	Higgins, Conn.	Powers	Wadsworth
Church	Holmes	Ramspeck	Wigglesworth
Cole, N. Y.	Jenckes, Ind.	Ransley	Wilson, Pa.
Cooper, Ohio	Jenkins, Ohio	Reed, Ill.	Wolcott
Crowther	Kahn	Reed, N. Y.	Wolfenden
Culkin	Kenney	Risk	Wolverton
Darrow	Kinzer	Rogers, Mass.	Woodruff
Dempsey	Knutson	Russell	
Ditter	Lanham	Seger	
Dondero	Lehlbach	Short	

ANSWERED "PRESENT"—3

Duffy, N. Y.	Gray, Pa.	Sears

NOT VOTING—107

Allen	Brooks	Dietrich	Gassaway
Andresen	Buckbee	Dirksen	Gifford
Andrew, Mass.	Bulwinkle	Dockweiler	Gilchrist
Arends	Carter	Doutrich	Gillette
Bacharach	Cartwright	Duffey, Ohio	Goodwin
Bankhead	Claiborne	Dunn, Miss.	Greever
Beam	Clark, Idaho	Eaton	Haines
Bell	Cochran	Eicher	Hamlin
Biermann	Collins	Fenerty	Hart
Blanton	Corning	Fernandez	Hartley
Boland	Crawford	Fish	Higgins, Mass.
Brennan	Cummings	Fulmer	Hill, Knute
Brewster	Darden	Gambrill	Hoffman
Hollister	McCormack	Parks	Shannon
Hook	McGroarty	Perkins	Sisson
Jacobsen	McLeod	Peyser	Smith, Wash.
Kelly	McMillan	Plumley	Smith, W. Va.
Kennedy, N. Y.	Maas	Reece	Snyder
Kimball	Mansfield	Richards	Stubbs
Kleberg	Marshall	Richardson	Sullivan
Kniffin	Mitchell, Ill.	Robertson	Sutphin
Kramer	Montague	Robsion, Ky.	Thurston
Lamneck	Nelson	Rogers, N. H.	Tobey
Lea, Calif.	Norton	Romjue	Treadway
Lee, Okla.	O'Brien	Rudd	Underwood
Lucas	Oliver	Schaefer	Withrow
McAndrews	O'Malley	Scrugham	

So the conference report was agreed to.

The Clerk announced the following additional pairs:

Mr. Gillette (for) with Mr. Goodwin (against).
Mr. Rudd (for) with Mr. Reece (against).
Mr. Fernandez (for) with Mr. Buckbee (against).
Mr. Sullivan (for) with Mr. Collins (against).
Mr. Scrugham (for) with Mr. Crawford (against).
Mr. Higgins of Massachusetts (for) with Mr. Dirksen (against).
Mr. Romjue (for) with Mr. Maas (against).
Mr. Hart (for) with Mr. Fish (against).
Mr. Hamlin (for) with Mr. Bacharach (against).
Mr. Dietrich (for) with Mr. Corning (against).
Mr. Underwood (for) with Mr. Doutrich (against).
Mr. Lee of Oklahoma (for) with Mr. Robsion of Kentucky (against).
Mr. Eicher (for) with Mr. McLeod (against).
Mr. Gambrill (for) with Mr. Hoffman (against).
Mr. Hook (for) with Mr. Biermann (against).
Mr. Kennedy of New York (for) with Mr. Arends (against).
Mr. Stubbs (for) with Mr. Tobey (against).
Mr. Mansfield (for) with Mr. Allen (against).
Mr. Brooks (for) with Mr. Eaton (against).
Mr. Sears (for) with Mr. Andresen (against).
Mr. Withrow (for) with Mr. Hartley (against).
Mr. Fulmer (for) with Mr. Gifford (against).
Mr. Smith of Washington (for) with Mr. Treadway (against).
Mr. Haines (for) with Mr. Andrew of Massachusetts (against).
Mr. Kniffin (for) with Mr. Perkins (against).

General pairs:

Mr. Sisson with Mr. Brewster.
Mr. Bulwinkle with Mr. Gilchrist.
Mr. Robertson with Hollister.
Mr. Blanton with Mr. Kimball.
Mr. Parks with Mr. Thurston.
Mr. Cochran with Mr. Carter.
Mr. Oliver with Mr. Fenerty.
Mr. Boland with Mr. Marshall.
Mr. Beam with Mr. Plumley.
Mr. Snyder with Mr. Rogers of New Hampshire.
Mr. Bankhead with Mr. Smith of West Virginia.
Mr. Clark of Idaho with Mr. O'Malley.
Mr. Darden with Mr. Sutphin.
Mr. Gassaway with Mr. Claiborne.
Mr. Dunn of Mississippi with Mr. Dockweiler.
Mr. Bell with Mr. Lamneck.
Mr. Kelly with Mr. Hill, Knute.
Mr. McMillan with Mr. Nelson.
Mr. O'Brien with Mr. Lucas.
Mr. Kleberg with Mr. McGroarty.
Mr. McAndrews with Mr. Cartwright.
Mr. McCormack with Mr. Duffey of Ohio.
Mrs. Norton with Mr. Schaefer.
Mr. Montague with Mr. Cummings.
Mr. Jacobsen with Mr. Greever.
Mr. Brennan with Mr. Richards.

Mr. GEARHART changed his vote from "aye" to "no."

Mr. CONNERY. Mr. Speaker, my colleague, Mr. HIGGINS, is unavoidably absent. If present he would vote "yea."

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Sinclaire, its assistant 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. 2796) entitled "An act 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 message also 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. 9215. An act making appropriations to provide urgent supplemental appropriations for the fiscal year ending June 30, 1936, to supply deficiencies in certain appro-

priations for the fiscal year ending June 30, 1935, and for prior fiscal years, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ADAMS, Mr. GLASS, Mr. MCKELLAR, Mr. HALE, and Mr. KEYES to be the conferees on the part of the Senate.

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. 8974) entitled "An act to provide revenue, equalize taxation, 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. 8870) entitled "An act to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment and for other purposes."

The message also announced that the Senate agrees to concurrent resolutions of the House of the following titles:

H. Con. Res. 38. Concurrent resolution providing for the sine die adjournment of the first session of the Seventy-fourth Congress; and

H. Con. Res. 39. Concurrent resolution authorizing the President of the Senate and the Speaker of the House of Representatives to sign bills and joint resolutions after the adjournment of the first session of the Seventy-fourth Congress.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2002. An act to provide for the establishment of load lines for American vessels in the coastwise trade, 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. 3260. An act to amend Public Law No. 438, Seventy-third Congress, entitled "An act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes."

The message also announced that the Senate had passed without amendment a bill and joint resolution of the House of the following titles:

H. R. 1912. An act for the relief of William J. Ryan, chaplain, United States Army; and

H. J. Res. 407. Joint resolution consenting to an interstate oil compact to conserve oil and gas.

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 House to the bill (S. 872) entitled "An act for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims."

STATEMENT OF VOTE

Mr. JOHNSON of Oklahoma. Mr. Speaker, my colleague from Oklahoma, Mr. LEE, is absent. If present he would have voted "aye" on the tax bill conference report, and also would have voted "aye" on the utilities conference report.

Mr. FERGUSON. Mr. Speaker, my colleagues, Mr. LEE and Mr. GASSAWAY, of Oklahoma, both inform me that if present at the time of the consideration of the flood-control bill, H. R. 8455, they would have voted "yea."

APPOINTMENT OF COMMITTEES AND COMMISSIONS BY THE SPEAKER

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that the Speaker may have until Wednesday next, August 28, 1935, to appoint committees and commissions that have been authorized by the House or by law.

The SPEAKER. Is there objection.

There was no objection.

OMNIBUS BRIDGE BILL

Mr. CHAPMAN. Mr. Speaker, by direction of the Committee on Interstate and Foreign Commerce I call up from the Speaker's table the bill, H. R. 9070, the omnibus bridge bill, with Senate amendments thereto.

The SPEAKER. The gentleman from Kentucky, by direction of the Committee on Interstate and Foreign Commerce, calls up a bill with Senate amendments thereto.

The Clerk reported the title of the bill.

The SPEAKER. The Clerk will report the Senate amendments.

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to dispense with the reading of the Senate amendments and that they be printed in the RECORD at this point.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Will the gentleman kindly tell us what this bill is?

Mr. CHAPMAN. Mr. Speaker, this is the omnibus bridge bill passed a few days ago. The Senate amended it by adding five new bridges not provided in the original bill. All of them are strictly according to the approved form of the House for these bridges. One of them is a State-owned free bridge. The others are publicly owned toll bridges, with a 20-year amortization.

Mr. McFARLANE. Mr. Speaker, under what right is this bill called up?

The SPEAKER. Under clause 2 of rule XXIV, which authorizes any member of a committee, when directed by the committee, to call up House bills with Senate amendments, on the Speaker's desk.

Mr. McFARLANE. Mr. Speaker, I raise the point that the committee has not had a meeting since the bill was passed.

The SPEAKER. The Chair cannot go behind the statement of the gentleman from Kentucky.

Mr. McFARLANE. Then, I ask the gentleman from Kentucky whether the committee has met and considered this bill?

Mr. CHAPMAN. Mr. Speaker, the gentleman from Kentucky will reply by repeating what he said in the beginning, that by the direction of the Committee on Interstate and Foreign Commerce I call this bill from the Speaker's table.

The SPEAKER. Clause 2 of rule XXIV provides:

> House bills with Senate amendments which do not require consideration in a Committee of the Whole may be at once disposed of as the House may determine, as may also Senate bills substantially the same as House bills already favorably reported by a committee of the House, and not required to be considered in Committee of the Whole.

Is there objection?

Mr. MORITZ. Mr. Speaker, I reserve the right to object. Is the so-called "Brooks bill" included in this?

Mr. CHAPMAN. That is the bill offered by Mr. BROOKS, of Pennsylvania?

Mr. MORITZ. Yes.

Mr. CHAPMAN. That was included in the original bill as it passed the House. This includes all bills passed by the House and five bills added by the Senate.

Mr. MORITZ. Is the Brooks bill a toll-bridge bill?

Mr. CHAPMAN. It is.

Mr. MORITZ. Then, Mr. Speaker, I object.

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read as follows:

Page 54, after line 3, insert:

"ST. CROIX RIVER AT HUDSON, WIS.

"SEC. 28 (a). That in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes, the Highway Commission of the State of Wisconsin and the Department of Highways of the State of Minnesota are hereby authorized to construct, maintain, and operate a free highway bridge and approaches thereto across the St. Croix River, at a point suitable to the interests of navigation, at or near the city of Hudson, Wis., in accordance with the provisions of an act entitled 'An act to regulate the construction of bridges over navigable waters', approved March 23, 1906.

"(b) There is hereby conferred upon the Highway Commission of the State of Wisconsin and the Department of Highways of

the State of Minnesota all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State."

Page 54, after line 3, insert:

"MISSOURI RIVER AT DECATUR, NEBR.

"SEC. 29. (a) That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the county of Burt, State of Nebraska, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Missouri River at a point suitable to the interests of navigation between the towns of Decatur, Nebr., and Onawa, Iowa, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

"(b) There is hereby conferred upon the county of Burt, State of Nebraska, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

"(c) The said county of Burt, State of Nebraska, is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

"(d) In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested."

Page 54, after line 3, insert:

"MISSOURI RIVER AT SOUTH SIOUX CITY, NEBR.

"SEC. 30. (a) That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the county of Dakota, State of Nebraska, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa, in accordance with the provisions of the act entitled 'An act to regulate the construction of bridges over navigable waters', approved March 23, 1906, and subject to the conditions and limitations contained in this act.

"(b) There is hereby conferred upon the county of Dakota, State of Nebraska, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

"(c) The said county of Dakota, State of Nebraska, is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

"(d) In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested."

Page 54, after line 3, insert:

"HUDSON RIVER AT NYACK, N. Y.

"SEC. 31 (a). That the consent of Congress is hereby granted to the Rockland-Westchester Hudson River Crossing Authority, State of New York, to construct, maintain, and operate a highway bridge, causeway, and approaches thereto across the Hudson River, at a point suitable to the interests of navigation, in the vicinity of the village of Nyack, Rockland County, and the village of Tarrytown, Westchester County, N. Y., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

"(b) If tolls are charged for the use of such bridge and causeway, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge, causeway, and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge, causeway, and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge and causeway shall thereafter be maintained and operated free of tolls, or the rates of tolls shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge, causeway, and its approaches under economical management. An accurate record of the cost of the bridge, causeway, and its approaches; the expenditures for maintaining, repairing, and operating the same; and of the daily tolls collected shall be kept and shall be available for the information of all persons interested."

Page 54, after line 3, insert:

"MISSOURI RIVER AT NIOBRARA, NEBR.

"SEC. 32 (a). That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the Village Board of the Village of Niobrara, county of Knox, State of Nebraska, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near Niobrara, Nebr., in accordance with the provisions of the act entitled 'An act to regulate the construction of bridges over navigable waters', approved March 23, 1906, and subject to the conditions and limitations contained in this act.

"(b) There is hereby conferred upon the Village Board of the Village of Niobrara, county of Knox, State of Nebraska, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

"(c) The said Village Board of the Village of Niobrara, county of Knox, State of Nebraska, is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

"(d) In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested."

Page 54, line 4, strike out "28" and insert "33."

Mr. CHAPMAN. Mr. Speaker, I move that the House concur in the Senate amendments.

The SPEAKER. The question is on the motion of the gentleman from Kentucky.

The question was taken; and there were on a division (demanded by Mr. MCFARLANE)—ayes 130, noes 21.

So the motion was agreed to.

A motion to reconsider was laid on the table.

EMERGENCY RELIEF IN PUERTO RICO

Mr. DEMPSEY. Mr. Speaker, by direction of the Committee on Insular Affairs, I move to suspend the rules and pass the bill (S. 3140) to provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes.

The Clerk read the bill, as follows:

Be it enacted, etc., That all sums which the President has segregated or allotted or shall segregate or allot for projects in Puerto Rico out of the money appropriated by the Emergency Relief Appropriation Act of 1935 shall constitute a special fund to provide relief and work relief and to increase employment in Puerto Rico. The fund thus established shall continue available for expenditure until June 30, 1940. All income derived from operations financed out of this fund and the proceeds of the disposition of property acquired therewith shall constitute a revolving fund, which shall remain available for expenditure for the purposes and in manner authorized herein and in the Emergency Relief Appropriation Act of 1935 until Congress shall provide otherwise, notwithstanding any limitation of time contained in the said Emergency Relief Appropriation Act of 1935. Any agency or agencies lawfully designated or established to administer funds allotted hereunder or the revolving fund herein authorized may be continued so long as the said funds or any of them remain available for expenditure.

Projects for rural rehabilitation in Puerto Rico may include the acquisition, development, maintenance, and operation of agricultural enterprises. A reasonable charge may be made for materials and services produced or made available by any project: *Provided*, That such materials and services may also be supplied as compensation, in whole or in part, for services rendered by persons employed upon any project.

SEC. 2. Notwithstanding the provisions of section 15 (f) of the Agricultural Adjustment Act, as amended by section 8 of the act of May 9, 1934, or any action taken thereunder, all or any part of the unobligated balance of taxes heretofore or hereafter collected from the processing of sugar beets or sugarcane in Puerto Rico and/or upon the processing in continental United States of sugar produced in or coming from Puerto Rico are hereby authorized, in the discretion of the President, to be transferred to the revolving fund authorized by this act. Not exceeding $10,000,000 of this fund may, in the discretion of the President, be set aside in the Treasury for use as an insurance fund to insure individual agriculturists in Puerto Rico, but to the extent only of such insurance fund and its accretions, against damage by hurricane to their farm dwellings and farm buildings, growing crops, plants and trees, including trees used as shade for growing crops, warehouses and produce in barns and warehouses: *Provided*, That said fund may be so employed only during such periods as the Secretary of the Interior shall find and determine that commercial insurance is not available, and at premiums sufficiently high to keep the principal of the original insurance fund intact, and policies of insurance shall be issued hereunder only pursuant to such terms and premium rates as the Secretary of the Interior shall prescribe by regulations duly promulgated. Until otherwise provided by law all moneys collected as premiums on such insurance or otherwise in connection with the administration of such fund or the operation of such insurance activity shall constitute accretions to the fund and shall be held, together with the original insurance fund and all additions thereto, as a revolving fund for the purposes of such insurance.

The SPEAKER. Is a second demanded?

Mr. TABER. Mr. Speaker, I demand a second.

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from New Mexico [Mr. DEMPSEY] is entitled to 20 minutes and the gentleman from New York [Mr. TABER] to 20 minutes.

Mr. DEMPSEY. Mr. Speaker——

Mr. TABER. Will the gentleman yield for a question?

Mr. DEMPSEY. I will.

Mr. TABER. Is H. R. 8621 identical with this Senate bill, so that if I have one copy it will do as well as the other, or is there a change?

Mr. DEMPSEY. No. There is one change.

Mr. Speaker, I am speaking on this bill at the request of the Committee on Insular Affairs. This is a measure that the administration is vitally interested in, due to the very peculiar economic conditions in Puerto Rico.

The measure is necessary in order to spend more slowly the funds allocated to Puerto Rico from the public-works fund, the relief funds. It entails no additional expense. It permits the Interior Department to take funds allocated to Puerto Rico and extend the time over which they are to be expended because of the peculiar conditions of Puerto Rico. It is not a question of building bridges or roads or things like that in Puerto Rico. It is agricultural rehabilitation, the planting of coffee bushes and the planting of trees to shade the bushes.

We all know that coffee bushes produce in about 5 years after they are planted. This bill permits this money that has been allocated to Puerto Rico to be expended over that period from now until 1940, rather than in the next 2 years. That seems to me to be a very meritorious request, in view of their condition there.

The second provision of the bill provides that from the processing tax on the goods in Puerto Rico an insurance fund is built up to insure against damage in Puerto Rico. At the present time, due to the severe storms, typhoons and others, it is impossible to get insurance in Puerto Rico because the rates are prohibitive. This builds up a fund from their own processing tax. That, too, seems to me to be logical.

Now, in connection with the report on this bill, I will read to you a letter addressed to Dr. Gruening, who had to do with the administration of affairs in Puerto Rico:

THE WHITE HOUSE,
Washington, July 15, 1935.

Hon. ERNEST H. GRUENING,
Administrator Puerto Rico Reconstruction Administration, Washington, D. C.

MY DEAR DR. GRUENING: It appears to me that H. R. 8621 (S. 3140), "to provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes", provides a practical method of helping to put Puerto Rico permanently on its feet with the money to which it is entitled under the relief appropriation act.

The peculiar needs of Puerto Rico, as you know, require that funds there be spent more slowly than on the continent, and in a manner adapted to the special requirements of Puerto Rico. Otherwise there will be no end in sight to large Federal expenditures on the island in the future for the mere purpose of avoiding a social collapse.

I hope you will find time to confer with Members of Congress and to explain to them how pressing the situation in Puerto Rico is.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. DEMPSEY. Yes; I yield.

Mr. TABER. I wonder if the gentleman could tell us whether or not it is a fact that Puerto Rico is now allowed to retain all customs duties collected at its ports and also all port fees? I understand that is a fact, but I am not sure about it.

Mr. DEMPSEY. I regret that I do not have that information.

Mr. TABER. My understanding is that that is so, but I am not sure of it. I thought perhaps the gentleman could give me that information.

Mr. DEMPSEY. No. I do not happen to know that.

This House bill was reported out with but one voice raised in committee against it. The voice of the gentleman raised in committee against this House bill was for one reason, that it provided for certain industrial work which he opposed. The Senate bill, as presented to you, has stricken out the objectionable part. So that, as far as the Committee on Insular Affairs is concerned, we are unanimous for this bill as it has passed the Senate.

Mr. HOLMES. Will the gentleman yield?

Mr. DEMPSEY. I yield.

Mr. HOLMES. I notice on page 2 of the bill, beginning in line 12, it is provided:

Projects for rural rehabilitation in Puerto Rico may include the acquisition, development, maintenance, and operation of agricultural and industrial properties and enterprises.

Does that mean that this fund is going to create new industries in Puerto Rico?

Mr. DEMPSEY. May I say to the gentleman that that is the provision that the gentlemen on his side of the aisle objected to in the House committee. It has been stricken out and is not being considered in the bill before the House.

Mr. HOLMES. This is a Senate bill I have here. The gentleman said they were different.

Mr. DEMPSEY. I have the Senate bill before me.

Mr. HOLMES. I was reading from the Senate bill myself, S. 3140.

Mr. TABER. If the gentleman will yield, that is the provision of the House bill.

Mr. DEMPSEY. It was stricken out in the Senate.

Mr. HOLMES. I am reading the Senate bill. It goes on to say further:

A reasonable charge may be made for material and services produced or made available—

And so forth.

Mr. DEMPSEY. It is very evident the gentleman is not reading from the same bill from which I am reading.

Mr. HOLMES. I am reading from the bill S. 3140.

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent that the Clerk may read lines 12, 13, and 14 of the engrossed Senate bill.

The SPEAKER. Without objection, the Clerk will read the lines requested.

There was no objection.

The Clerk read as follows:

Page 2, lines 12, 13, and 14: "Project for rural rehabilitation in Puerto Rico may include acquisition, development, maintenance, and operation of agricultural enterprises."

Mr. DEMPSEY. The word "industrial" has been stricken.

Mr. HOLMES. In my bill, Mr. Speaker, the word "industrial" is included and I was interested in knowing whether or not it was intended to create new industrial plants in Puerto Rico.

Mr. DEMPSEY. The Senate amendment struck out the word "industrial."

Mr. MARTIN of Massachusetts. Are there any other changes in the Senate bill as compared with the House bill?

Mr. DEMPSEY. No; that is the only one.

Mr. Speaker, I yield 5 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, I dislike very much to oppose a bill that is proposed and presented on the floor by my distinguished and lovable friend, the gentleman from New Mexico [Mr. DEMPSEY].

Mr. CHURCH. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] 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. 200]

Adair	Eaton	Kniffin	Plumley
Allen	Eicher	Kramer	Reece
Andresen	Fernandez	Lamneck	Reed, N. Y.
Andrew, Mass.	Fiesinger	Lanham	Richardson
Andrews, N. Y.	Fish	Lea, Calif.	Robertson
Arends	Flannagan	Lee, Okla.	Robinson, Utah
Bacharach	Focht	Lucas	Robsion, Ky.
Bankhead	Ford, Calif.	Lundeen	Rogers, N. H.
Beam	Gambrill	McAndrews	Romjue
Bell	Gasque	McCormack	Rudd
Biermann	Gassaway	McGehee	Ryan
Binderup	Gehrmann	McGroarty	Sanders, La.
Blanton	Gifford	McLaughlin	Schaefer
Bolton	Gilchrist	McLeod	Schulte
Brewster	Gildea	McMillan	Scrugham
Brooks	Gillette	Maas	Sears
Buckbee	Goodwin	Mahon	Shannon
Buckler, Minn.	Gray, Pa.	Mansfield	Smith, Va.
Bulwinkle	Greever	Marshall	Smith, Wash.
Carter	Haines	Martin, Colo.	Smith, W. Va.
Claiborne	Hamlin	Merritt, Conn.	Snyder
Clark, Idaho	Hancock, N. Y.	Millard	Somers, N. Y.
Clark, N. C.	Hart	Miller	Stubbs
Cochran	Harter	Mitchell, Ill.	Sullivan
Collins	Hartley	Montague	Sutphin
Corning	Hess	Montet	Thomason
Crawford	Higgins, Mass.	Murdock	Thurston
Crosby	Hill, Knute	Nelson	Tobey
Crowe	Hobbs	Norton	Treadway
Darden	Hoffman	O'Brien	Underwood
Dear	Hollister	Oliver	Wadsworth
Dietrich	Hook	O'Malley	Walter
Dirksen	Kelly	Parks	Williams
Dockweiler	Kennedy, N. Y.	Patton	Withrow
Doutrich	Kerr	Perkins	Woodruff
Drewry	Kimball	Pettengill	Zimmerman
Dunn, Miss.	Kleberg	Peyser	

The SPEAKER pro tempore (Mr. FERGUSON). Two hundred and eighty-three Members are present, a quorum.

On motion of Mr. MCFARLANE, further proceedings under the call were dispensed with.

Mr. NICHOLS. Mr. Speaker, as I said before, I regret sincerely to be compelled to take the floor in opposition to a bill that was brought to the floor by my good friend, the distinguished gentleman from New Mexico [Mr. DEMPSEY], but I think the Membership of the House should be advised as to what is in this legislation.

I call the attention of the Membership to the fact that when we passed the $4,800,000,000 relief bill we placed a limitation therein of June 30, 1937, beyond which time the President could not spend money out of said appropriation. Notice the first sentence of the pending bill. It reads as follows: "That all sums which the President has segregated or allotted or shall segregate or allot for projects in Puerto Rico shall constitute a special fund to provide work relief and to take care of unemployment in Puerto Rico and shall continue available for expenditure until June 30, 1940." The Congress of the United States would extend privileges 3 years for Puerto Rico beyond the time the same Congress closed the door on your constituents and mine. [Applause.]

Mr. DEMPSEY. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Not now.

What does this mean? Are you willing to go back home to your constituents, face them, and have them say: "You fixed this thing so that Puerto Rico could continue on the dole while we, your constituents, are taken off the dole."

Does some one want to tell me that the citizenship of Puerto Rico is in worse shape than are the people of the drought-stricken area of the farm and wheat districts of the great Middle West? Does some one want to tell me that the citizens of Puerto Rico are in worse shape than citizens in the stricken areas in the industrial centers of the United States?

Now, let us see what else we do here. We not only extend the time 3 years under which the President may continue to pay the dole to Puerto Rico, after we have been cut off, but we do something else, and I want to read section 2, page 2, as follows:

Notwithstanding the provisions of section 15 (f) of the Agricultural Adjustment Act, as amended by section 8 of the act of May 9, 1934, or any action taken thereunder, all or any part of the unobligated balance of taxes heretofore or hereafter collected from the processing of sugar beets or sugarcane in Puerto Rico and/or upon the processing in continental United States of sugar produced in or coming from Puerto Rico are hereby authorized, in the discretion of the President, to be transferred to the revolving fund authorized by this act.

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. NICHOLS. Mr. Speaker, I just want to say to the Membership of this House that if they pass this bit of legislation they must go back home to their constituents ready to say to them that this little niche of an island down there, which, in my opinion, we were very kind to when we took it under our wing, has been extended privileges beyond the privileges which we have extended to our own constituents.

Mr. GRISWOLD. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Indiana.

Mr. GRISWOLD. Does the gentleman know that we returned to them last year $10,000,000 in taxes on fats and oils?

Mr. NICHOLS. I did not know we were going to give them that extra amount, but I think we have given them about $35,000,000 under this act.

[Here the gavel fell.]

Mr. DEMPSEY. Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

Mr. SAUTHOFF. Mr. Speaker, the gentleman who just spoke made so many misstatements that it indicated an entire lack of understanding of the subject with which we are dealing. The facts are that we do not appropriate one single solitary dollar in this bill to Puerto Rico. All we do is to ask for the right to take the relief money that has been allocated to that island and give them an opportunity to use the money as a special fund with which to rehabilitate the island. That is all. There is not another thing.

What has happened in Puerto Rico? There are two special crops. One is sugar that has not helped the island very much, and the other is coffee. The finest grade of coffee in the world is grown in Puerto Rico. Most of it is sold in the southern countries of Europe, Spain particularly, and it brings to them higher prices than the coffee of Brazil. The trouble in Puerto Rico and what has brought so much destitution to that island is the hurricane proposition. It is difficult to provide any sort of defense against these hurricanes. Last year we spent $14,000,000 and $14,000,000 in addition to that the year before for relief in Puerto Rico. Why? Because the hurricanes had destroyed some of these coffee trees and the farm labor drifted down into the cities where they are living in the slums. What we want to do is to take them out of the cities and put them back in the rural areas where they belong and make them self-sustaining.

It is impossible to go through with such a program if it is limited to 1937. In two years we have spent foolishly $28,000,000 by the dole system. We want to abolish that. We want to make permanent relief, and in order to do that we want to create a revolving fund, and this revolving fund to begin with is only the amount that has already been allocated to Puerto Rico.

I have heard it said that Puerto Rico is getting five times as much as any of the States. I want to say that is absolutely false. Puerto Rico has 368,000 unemployed. According to the testimony before our committee, it is getting $30,000,000. The State of Wisconsin has 185,000 unemployed, and we are getting $90,000,000. Does that look as though Puerto Rico is getting five times as much? They are not getting as much as is allocated to the average State.

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, the only argument which is raised against this bill is that we extend the time to 1940, while the money appropriated for relief in the various States must be spent by 1937; hence a great hullabaloo is raised, and it is said that Puerto Rico is being treated better than the States in this respect. But let us analyze the facts. It makes no difference what the time limit is. What count are the results.

The results in the Puerto Rican situation are these. If you spend the money by 1937 you will have spent no more or less than you are providing by the provisions of this bill. So that the bill does not spend an additional penny more than has already been allocated to Puerto Rico. I repeat, we do not spend one penny more nor one penny less under this bill than has already been allocated to Puerto Rico. Now, then, if we are going to take this money and throw it into Puerto Rico in such a manner that it will be wasted and of no use to Puerto Rico and of no use to the United States, then what good is it to insist that the money must be spent by 1937?

Why not give Puerto Rico a chance? Why not give her an opportunity to spend this money in a manner which will help her? We might as well spend this money in a manner which will be useful to Puerto Rico, give her the time she wants, and really aid her. It takes time to plan and to take care of the land in Puerto Rico which was taken out of sugar cultivation, and restore it to the Puerto Ricans so that they may earn a living from it.

This bill will do the following for Puerto Rico:

First. To provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 shall be available for expenditure until June 30, 1940.

Second. That these moneys shall be considered as a special fund.

Third. That all income derived from operations financed out of this fund, and the proceeds of the disposition of property acquired therewith, shall constitute a revolving fund to remain available for expenditure for the purposes and in the manner authorized in the bill and in the Emergency Relief Appropriation Act of 1935, until Congress shall provide otherwise.

Fourth. To coextend the life of any agency or agencies of the Government lawfully designated to administer such funds with the life of the fund itself. The President has already established by Executive Order No. 7057, dated May 28, 1935, the Puerto Rico Reconstruction Administration to administer work relief for the island in a coordinated manner.

Fifth. To define rural rehabilitation so as to make it applicable to the special needs of Puerto Rico.

Sixth. To place in the special fund hereby created the processing taxes derived from Puerto Rican sugar under the Jones-Costigan Act (said processing taxes having already been assigned to Puerto Rico by Executive order dated June 9, 1934) authorizing a part of this money to be used for setting up insurance against hurricanes for Puerto Rican farmers when said insurance shall not be available at practicable rates from private insurance companies.

A great deal has been said here that Puerto Rico is receiving too much. I say that Puerto Rico is not receiving enough. Anybody who knows the facts knows how much the workers of Puerto Rico are suffering, knows how great their need is, and that we have not appropriated sufficiently to take care of their needs. Puerto Ricans are Americans, good citizens, and therefore they are entitled to the same treatment as the unemployed in our States. I trust that you will be just at this late hour and pass this bill.

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, my understanding of the situation is somewhat like this, and if I make any misstatements I would like to be corrected. Frankly, from the situation as I understand it, I can draw no conclusion from it except that those who are interested in keeping the integrity of government here in this country ought to vote against this bill.

My undertsanding is there has been an allotment of $35,000,000 for relief to Puerto Rico under the act of April 8, 1935. My understanding also is that this is unquestionably five times the amount that is legitimately required for relief during the current fiscal year, and this is all that is being provided out of that relief fund for any part of the United States, except Puerto Rico.

Now, without regard to the interests of the United States Treasury, without regard to the obligation which was placed upon the Executive in the allotment of funds for relief, five times the amount required has been allotted in this case.

Mr. MAVERICK. Mr. Speaker, will the gentleman yield?

Mr. TABER. In a moment.

Mr. MAVERICK. The gentleman stated he wanted to be corrected if he made any misstatements.

Mr. TABER. And because they are not able to use the money intelligently they bring in this bill and want to embark upon a large program of agricultural rehabilitation and rural rehabilitation, including the acquisition, development, maintenance and operation of agricultural enterprises. Instead of confining this to a pay-as-go proposition, they extend the time within which this money shall be spent to 1940.

It seems to me ridiculous that in your district and mine only such sums are being used for relief as are currently needed and only such amounts are being allotted——

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. TABER. Yes.

Mr. RICH. When we find we have allocated for relief five times the money necessary for that particular purpose, is it not possible to take that money back into the Treasury of the United States?

Mr. TABER. My own idea is that what ought to be done in this particular case is that the President should withdraw that portion of the allotment which is not needed for relief.

Mr. MAVERICK. The gentleman said he wanted to be corrected if he made a misstatement and I want to ask the gentleman a question.

Mr. TABER. I yield.

Mr. MAVERICK. The gentleman stated they are spending five times as much as was needed. They have spent about $28,000,000 in the last 2 years and they are going to allot $30,000,000 on a 2-year basis but to be spread over 5 years. This is a decrease and not an increase for the

year. The gentleman certainly does not maintain that this is a greater amount of money.

Mr. TABER. Now, wait a minute and let me get this straight in the minds of the Members of the House.

Thirty-five million dollars, I understand, has been allotted.

Mr. MAVERICK. Thirty million dollars.

Mr. TABER. This, in my opinion, is five times as much as they need for relief down there. It must be five times that amount, or you would not want to spread this out for 5 years.

Mr. MAVERICK. Oh, no.

Mr. TABER. I must decline to yield further.

Mr. MAVERICK. The gentleman asked us to contradict him, and stated he would permit us to correct his statements.

Mr. TABER. Mr. Speaker, I must decline to yield further.

I simply want to call the attention of the House to the facts and to the logical deduction from what the gentleman from Texas has said to us, which is that there are five times as many dollars allocated for relief down there as there should be; otherwise they would not want to extend the time within which it might be expended to 5 years; and it is also true that under this bill they can allot almost any amount they please out of this relief fund for these agricultural enterprises and have 5 years to expend it.

Mr. MAVERICK. Oh, no.

Mr. TABER. Oh, the gentleman must not have read his bill.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. TABER. I cannot yield now.

The gentleman must realize that when they are spending this money over 5 years and can allocate any amount they please on these agricultural enterprises it must be per se a wasteful procedure. The Chairman of the Committee on Appropriations, the gentleman from Texas [Mr. BUCHANAN], was very particular when this bill was up to limit the time within which the money might be expended to June 30, 1937, and this rule applies to all of us except Puerto Rico if this bill is passed.

Now, let us beat the bill and let Puerto Rico stand like the rest of us.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. NICHOLS. In addition to the $30,000,000 they take the processing tax on sugar and add that to this amount.

Mr. TABER. Yes.

Mr. NICHOLS. And that is in addition to the $30,000,000.

[Here the gavel fell.]

Mr. DEMPSEY. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. ELLENBOGEN].

Mr. ELLENBOGEN. Mr. Speaker, I want my colleagues to understand the situation. This bill is not an appropriation bill. It does not appropriate a single dollar, but it seeks to permit the Rehabilitation Administration in Puerto Rico to spend the money that has been allocated slowly and wisely, so that Puerto Rico may be really and permanently rehabilitated and the burden upon the taxpayers in the United States may be ended.

Now, we have heard it said time and again that we should first think and then spend. Here is an attempt to plan, to think, to map out a course of progress that will rehabilitate Puerto Rico and end the drain upon the taxpayer of this country. Now, do you want to waste this money or do you want to spend it wisely to put Puerto Rico on its own feet?

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. ELLENBOGEN. I am sorry I do not have the time to yield.

I hope you will vote for this bill so that the plan that has been worked out can be carried out and we can stop spending our money in Puerto Rico. This is the issue, Mr. Speaker, that this bill presents. This plan has been studied, it has been worked out and it has the endorsement of the administration.

This bill has the endorsement of the President of the United States. Do you want to enable the board to carry out wise plans, or do you want to force them to spend the money quickly and foolishly instead of slowly and wisely?

Mr. TABER. Mr. Speaker, I yield the remainder of my time to the gentleman from Pennsylvania [Mr. DITTER].

Mr. DITTER. Mr. Speaker, I must take issue with the distinguished gentleman from Pennsylvania who has just told you that the $10,000,000 provided for in this bill is not an appropriation. It is specifically provided on page 3 of the bill that $10,000,000 of the processing tax on sugar shall be set up as an insurance fund. According to present Democratic theories that may not be an appropriation, but it certainly is in my opinion. The bill provides that the processing tax paid on sugar processed in Puerto Rico, or continental United States, shall be used as the basis for an insurance fund against loss by hurricane to farm dwellings, farm buildings, growing crops, plants, trees, including shade trees, warehouses, and produce in barns and warehouses. This puts the Government in competition with the private insurance companies. It means nothing more or less.

I want those of you who want this bill supported, I want those of you who are going to vote for it, to go back home to the housewives in your districts and tell them that you want them to approve the payment of $16,666 by them every day in the year to provide an insurance fund for Puerto Rico. I want you to tell the housewives back home that every time they go in and buy a pound of sugar they are helping to look after the insurance fund in Puerto Rico. I want you to tell the housewives in your districts that every time they go to a store to buy this necessary staple, sugar for the table, for canning, and all other domestic uses, they are providing means for the maintenance of an insurance fund for possible losses in Puerto Rico. Tell these housewives that you believe they should help pay the premiums for the landowners and growers in Puerto Rico. What is its purpose? What is the object of this legislation? It is set up because the proponents of this legislation say that the insurance premiums down there are too high. Mr. Speaker, this is nothing more or less than a socialistic scheme to put the Federal Government in the insurance business in competition with private insurance companies, to have the housewives of America pay the premiums for insurance against loss by hurricane in Puerto Rico for the benefit of the landowners of Puerto Rico, and to saddle the cost of this protection for the landed proprietors of Puerto Rico on the bread winners of America. My first duty is to the people whom I represent, and I shall oppose vehemently and persistently all endeavors to compel my people to assume the obligations which in justice rests on the shoulders of the people with Puerto Rico. Charity begins at home; and while the present distress of unemployment in my district continues, and which has not been relieved by the futile efforts of the present administration, I shall oppose these measures of the bestowal of benefactions upon others.

The SPEAKER. The time of the gentleman from Pennsylvania has expired. The question is on the motion of the gentleman from New Mexico to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. DEMPSEY) there were—ayes 59, noes 43.

Mr. DEMPSEY. Mr. Speaker, I object to the vote on the grounds that there is no quorum present, and make the point of order that there is no quorum present.

The SPEAKER. The gentleman from New Mexico makes the point of order that there is no quorum present. The Chair will count. [After a pause.] Evidently there is no quorum present. The call is automatic. The Clerk will call the roll.

The question was taken; and there were—yeas 170, nays 101, not voting 159, as follows:

[Roll No. 201]

YEAS—170

Adair	Boland	Cannon, Mo.	Cole, Md.
Amlie	Brennan	Cartwright	Cole, N. Y.
Arnold	Brown, Mich.	Cary	Connery
Ayers	Brunner	Casey	Cooper, Tenn.
Binderup	Buchanan	Chandler	Costello
Bland	Buck	Chapman	Crosby
Bloom	Buckler, Minn.	Citron	Cross, Tex.
Boileau	Burdick	Colden	Crosser, Ohio

Cullen	Hancock, N. C.	Mason	Schulte
Delaney	Harlan	Massingale	Scott
Dempsey	Hart	Maverick	Scrugham
DeRouen	Harter	Mead	Sears
Dies	Healey	Meeks	Secrest
Dingell	Hildebrandt	Merritt, N. Y.	Shanley
Disney	Hill, Samuel B.	Mitchell, Tenn.	Smith, Conn.
Dorsey	Hoeppel	Monaghan	Smith, Va.
Doughton	Huddleston	Moran	Somers, N. Y.
Driscoll	Hull	Moritz	Spence
Driver	Imhoff	O'Connell	Stack
Duffey, Ohio	Johnson, Okla.	O'Connor	Steagall
Duffy, N. Y.	Jones	O'Leary	Stefan
Duncan	Keller	O'Neal	Sumners, Tex.
Dunn, Pa.	Kenney	Palmisano	Taylor, Colo.
Eagle	Kloeb	Parsons	Terry
Ellenbogen	Kocialkowski	Patman	Thom
Evans	Koppleмann	Patterson	Thompson
Farley	Lanham	Pearson	Tolan
Ferguson	Larrabee	Peterson, Fla.	Tonry
Fiesinger	Lea, Calif.	Pfeifer	Turner
Fitzpatrick	Lemke	Pittenger	Umstead
Ford, Calif.	Lesinski	Polk	Utterback
Fuller	Lewis, Colo.	Quinn	Vinson, Ky.
Gavagan	Lewis, Md.	Rabaut	Warren
Gearhart	Lloyd	Randolph	Wearin
Gehrmann	Luckey	Rayburn	Weaver
Gildea	Lundeen	Richardson	Werner
Goldsborough	McFarlane	Robinson, Utah	White
Granfield	McGehee	Ryan	Wood
Gray, Ind.	McKeough	Sadowski	Woodrum
Green	Mahon	Sandlin	Young
Greenway	Maloney	Sauthoff	Zimmerman
Greenwood	Marcantonio	Schneider	
Gregory	Martin, Colo.	Schuetz	

NAYS—101

Andrews, N. Y.	Eckert	Knutson	Risk
Ashbrook	Edmiston	Lambertson	Rogers, Mass.
Beiter	Ekwall	Lambeth	Rogers, Okla.
Blackney	Engel	Lord	Sanders, Tex.
Bolton	Englebright	Ludlow	Seger
Brown, Ga.	Faddis	McClellan	Short
Carlson	Fenerty	McLaughlin	Snell
Carpenter	Fletcher	McLean	South
Castellow	Focht	McSwain	Starnes
Cavicchia	Ford, Miss.	Mapes	Taber
Celler	Fulmer	Martin, Mass.	Tarver
Christianson	Griswold	May	Taylor, S. C.
Church	Guyer	Michener	Taylor, Tenn.
Clark, N. C.	Gwynne	Mott	Thomas
Coffee	Halleck	Nichols	Thomason
Colmer	Hancock, N. Y.	Owen	Turpin
Cox	Hess	Peterson, Ga.	Vinson, Ga.
Cravens	Holmes	Pettengill	Whelchel
Crowther	Hope	Pierce	Wigglesworth
Cummings	Jenckes, Ind.	Powers	Wilson, Pa.
Daly	Jenkins, Ohio	Ramspeck	Wolcott
Darrow	Johnson, Tex.	Rankin	Wolfenden
Deen	Johnson, W. Va.	Ransley	Wolverton
Ditter	Kee	Reed, Ill.	
Dondero	Kennedy, Md.	Rich	
Doxey	Kinzer	Richards	

NOT VOTING—159

Allen	Dietrich	Kerr	Reed, N. Y.
Andresen	Dirksen	Kimball	Reilly
Andrew, Mass.	Dobbins	Kleberg	Robertson
Arends	Dockweiler	Kniffin	Robsion, Ky.
Bacharach	Doutrich	Kramer	Rogers, N. H.
Bacon	Drewry	Kvale	Romjue
Bankhead	Dunn, Miss.	Lamneck	Rudd
Barden	Eaton	Lee, Okla.	Russell
Beam	Eicher	Lehlbach	Sabath
Bell	Fernandez	Lucas	Sanders, La.
Berlin	Fish	McAndrews	Schaefer
Biermann	Flannagan	McCormack	Shannon
Blanton	Frey	McGrath	Sirovich
Boehne	Gambrill	McGroarty	Sisson
Boykin	Gasque	McLeod	Smith, Wash.
Boylan	Gassaway	McMillan	Smith, W. Va.
Brewster	Gifford	McReynolds	Snyder
Brooks	Gilchrist	Maas	Stewart
Buckbee	Gillette	Mansfield	Stubbs
Buckley, N. Y.	Gingery	Marshall	Sullivan
Bulwinkle	Goodwin	Merritt, Conn.	Sutphin
Burch	Gray, Pa.	Millard	Sweeney
Burnham	Greever	Miller	Thurston
Caldwell	Haines	Mitchell, Ill.	Tinkham
Cannon, Wis.	Hamlin	Montague	Tobey
Carmichael	Hartley	Montet	Treadway
Carter	Hennings	Murdock	Underwood
Claiborne	Higgins, Conn.	Nelson	Wadsworth
Clark, Idaho	Higgins, Mass.	Norton	Wallgren
Cochran	Hill, Ala.	O'Brien	Walter
Collins	Hill, Knute	O'Day	Welch
Cooley	Hobbs	Oliver	West
Cooper, Ohio	Hoffman	O'Malley	Whittington
Corning	Hollister	Parks	Wilcox
Crawford	Hook	Patton	Williams
Crowe	Houston	Perkins	Wilson, La.
Culkin	Jacobsen	Peyser	Withrow
Darden	Kahn	Plumley	Woodruff
Dear	Kelly	Ramsay	Zioncheck
Dickstein	Kennedy, N. Y.	Reece	

So (two-thirds not having voted in favor thereof) the motion to suspend the rules and pass the bill was rejected.

The Clerk announced the following additional pairs:

Mr. Wilcox with Mr. Bacon.
Mr. McReynolds with Mr. Cooper of Ohio.
Mr. Boylan with Mr. Higgins of Connecticut.
Wr. Whittington with Mr. Lehlbach.
Mr. Boehne with Mr. Millard.
Mr. Flannagan with Mr. Stewart.
Mr. Gasque with Mr. Reed of New York.
Mr. Burch with Mr. Wadsworth.
Mr. Hill of Alabama with Mr. Tinkham.
Mr. Kerr with Mr. Burnham.
Mr. Cooley with Mr. Culkin.
Mr. Miller with Mr. Hartley.
Mr. Wilson of Louisiana with Mrs. Kahn.
Mrs. O'Day with Mr. Merritt of Connecticut.
Mr. Sanders of Louisiana with Mr. Kvale.
Mr. Drewry with Mr. Woodruff.
Mr. Williams with Mr. Welch.
Mr. Houston with Mr. Russell.
Mr. Zioncheck with Mr. West.
Mr. Sweeney with Mr. Barden.
Mr. Boykin with Mr. Cannon of Wisconsin.
Mr. Dobbins with Mr. Buckley of New York.
Mr. Randolph with Mr. Hobbs.
Mr. Dickstein with Mr. Dear.
Mr. Gingery with Mr. Ramsay.
Mr. Gray of Pennsylvania with Mr. Berlin.

The result of the vote was announced as above recorded.

The doors were opened.

THIRD DEFICIENCY APPROPRIATION BILL 1935–36

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to address the House not to exceed 5 minutes.

The SPEAKER. Is there objection.

There was no objection.

Mr. BUCHANAN. Mr. Speaker, some weeks ago I made a statement which was carried in the press that I was going to stand for retrenchment in expenditures and retrenchment in appropriations. [Applause.] Several days ago I made the same statement to my colleagues on the floor of this House when we were considering the supplemental appropriation bill. I am going to keep the faith. [Applause.]

At that time we passed this appropriation bill carrying, in round numbers, $93,000,000, in response to new legislation passed by the Congress and carrying out the legitimate administration of that new legislation. The bill went to the Senate. The Senate has increased that bill by about $500,000,000. I am going to let the bill die before I will give in. [Applause.] The Senate having adopted a concurrent resolution to adjourn, cannot retract. So, as far as the Appropriations Committee is concerned, we have no further business for this session of Congress.

Mr. TARVER. Will the gentleman yield?

Mr. BUCHANAN. Yes; I yield.

Mr. TARVER. Does not the gentleman think it fair to let the House pass on the question of whether it desires to provide mandatory loans on cotton and wheat rather than pass on it himself?

Mr. BUCHANAN. I say to my colleague I have been in this House day in and day out during this session, and I have seen bill after bill come up to authorize new appropriations. Only one little insignificant bill has been voted down out of bills involving hundreds of millions of dollars. [Applause.] It is time for this Congress to adjourn if you do not want to ruin the credit of your Government. [Applause.]

Mr. Speaker, that is all I have to say, and no amount of persuasion can move this Scotch mind of mine. [Applause.]

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. RANKIN. Mr. Speaker, reserving the right to object, I happen to be one of those who represent the cotton farmers. There are some men here who represent the wheat farmers. If this is going to be an attack on the Senate for attempting to save the wheat and cotton farmers from destruction by reason of the recent ruling, we want to be heard.

Mr. WOODRUM. I do not object. The gentleman can have all the time he wants.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I want to say that as one member of the Committee on Appropriations, I am 100 percent with the sentiment expressed by the chairman. [Applause.] To my mind, the action of another body that has proceeded in the last 24 hours to put everything in the deficiency appropriation bill except the kitchen sink, and pass a resolution to adjourn in a few hours and send it over to the House, saying, "Swallow it, because we are going to adjourn in a few hours", is intolerable.

Mr. BUCHANAN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BUCHANAN. The amendments put on there carry legislation of the most vital importance, which have no place on a deficiency appropriation bill.

Mr. WOODRUM. Yes. Fundamentally changing the entire agricultural policy of the administration.

Now, I say we are here to do business for our constituents and not to go on a fishing trip or back home on a vacation. Vital problems are facing this country. It does not make a bit of difference to me whether we adjourn tonight at 12 o'clock or next month at 12 o'clock. [Applause.] We ought to meet our duties.

I must part company with my good chairman, whom I respect and honor, who is doing a good job on the Appropriations Committee, when he says he is going to let the bill die. Do not let the bill die. I will tell you what will happen in another body in an hour or two. They will do what they often do—change their minds. They will do that. In just a few hours—in just a few minutes you will see the Senate withdraw that resolution to adjourn and then come back and try to work this thing out. If you will sit tight here and do your duty as a Representative, as we are supposed to do it, we will work this bill out. There are vital matters concerned, and the bill ought not be permitted to die.

The social-security set-up that means so much to all of our constituents and to the administration is involved here. All of their funds are involved if we do not pass this bill but let it wait until we come back again. So, gentlemen, let us proceed with discretion and caution, and sit tight.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. O'CONNOR. I agree with the gentleman we have a lot of things to do. Let me repeat what a great President, one of the greatest Presidents representing another party, the late President Coolidge, once said: "If you sit tight on them long enough they always back down."

Mr. WOODRUM. They always do.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. McFARLANE. We saw the spectacle yesterday of the House passing a flood-control bill costing about $400,000,000. The Senate added about $200,000,000 in more projects onto the bill and then did a good job of chloroforming it. I think they have done some good deeds this session.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. NICHOLS. Included in this bill also is the appropriation to carry out legislation we passed early in the session setting up a soil-survey board, is there not?

Mr. WOODRUM. Exactly. There are a lot of things of importance in the bill.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. DONDERO. Can the Senate retract the concurrent resolution to adjourn after the House has passed a similar resolution?

Mr. WOODRUM. I understand they can. I understand they will do it. I am confident they will do it.

Mr. TARVER. Mr. Speaker, will the gentleman yield for a question?

Mr. WOODRUM. I yield.

Mr. TARVER. The gentleman does not represent a district in which any cotton is produced?

Mr. WOODRUM. I will say to my friend I am not speaking about the merits of it at all; I do not know anything about the merits of the cotton proposition.

Mr. TARVER. The gentleman used the expression in substance that if the House stuck by its guns the Senate would tuck in its tail and run. What assurance has the gentleman that the House will not agree with the Senate?

Mr. WOODRUM. I have every confidence in its ultimate wisdom when it acts deliberately.

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. O'CONNOR. Mr. Speaker, we have a lot of important business to take care of tonight.

Mr. RICH. Mr. Speaker, if we have a lot of business to attend to, I object.

MODIFICATION OF CERTAIN CONTRACTS

Mr. O'CONNOR. Mr. Speaker, by direction of the Committee on Rules I present a privileged report from that committee and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 372

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of (S. J. Res. 175), a joint resolution to extend the time within which contracts may be modified or canceled under the provisions of section 5 of the Independent Offices Appropriation Act 1935, and all points of order against said joint resolution are hereby waived.

Mr. O'CONNOR. Mr. Speaker, this is a matter which was considered today under suspension of the rules but failed of passage. It is a matter about which there was some confusion. It is a very simple matter and has nothing to do with ship subsidies. It merely extends the time within which the President can determine whether or not to cancel or modify the contracts. The President has before him this important situation: Many of these contracts will expire between October of this year and January of next year. I am authorized to say that the President feels he needs this authority.

Mr. Speaker, I move the previous question on the resolution.

Mr. MAVERICK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAVERICK. After a bill has been passed on, can it be brought up again the same day? What about the Puerto Rico bill, which failed? If we can again bring up the bill made in order by this resolution, we can do it with the Puerto Rico bill, or with any other bill that has been defeated once during the day. This bill was defeated a few hours ago.

The SPEAKER. The Chair will answer the gentleman's parliamentary inquiry. This is an effort on the part of the gentleman from New York, Chairman of the Rules Committee, to bring this bill up under a special rule.

The question is up to the House as to whether or not that can be done.

Mr. MAVERICK. I did not hear the Chair.

The SPEAKER. This is a special rule which is under consideration and is in order.

Mr. McFARLANE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McFARLANE. Is it in order for the Chairman of the Rules Committee to bring in a rule on a bill which we defeated this afternoon and then move the previous question before the opponents have an opportunity to be heard?

The SPEAKER. It is, under the rules of the House.

Mr. O'CONNOR. Mr. Speaker, all the opponents were heard today.

The SPEAKER. It is a question for the House itself to determine.

Mr. WEARIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WEARIN. Does this rule provide for the opportunity to offer amendments?

The SPEAKER. The joint resolution is considered in the House under the rules of the House.

The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. WEARIN) there were—ayes 130, noes 58.

Mr. WEARIN. Mr. Speaker, I object to the vote on the ground there is no quorum present.

The SPEAKER. The Chair will count. (After counting). Two hundred and twenty-eight Members are present; a quorum.

Mr. WEARIN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

Mr. MARCANTONIO. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The resolution was agreed to.

The SPEAKER. The Clerk will report the joint resolution.

The Clerk read as follows:

Resolved, etc., That section 5 of the Independent Offices Appropriation Act, 1934, as amended, be amended by striking out "October 31, 1935" and inserting in lieu thereof "March 31, 1936": *Provided*, That the right of the United States to annul any fraudulent or illegal contract or to institute suit to recover sums paid thereon is in no manner affected by this joint resolution.

Mr. O'CONNOR. Mr. Speaker, this is a Senate joint resolution which was thoroughly discussed today. There was a lengthy debate in favor of it and in opposition. I think it is well understood by the Members of the House; therefore, Mr. Speaker, I move the previous question.

Mr. McFARLANE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McFARLANE. Do we have the right bill now?

The SPEAKER. It is the bill which the rule made in order.

Mr. MARCANTONIO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARCANTONIO. Are we not permitted now under the present parliamentary situation to offer amendments?

The SPEAKER. Not after the previous question has been ordered. It is necessary for the House to dispose of this motion first.

The previous question was ordered.

The SPEAKER. The question is on the third reading of the Senate joint resolution.

Mr. MARCANTONIO. Mr. Speaker, I demand the reading of the engrossed copy.

The SPEAKER. The bill is already engrossed. It is a Senate bill.

The Senate joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the resolution.

The question was taken; and on a division there were—ayes 147, noes 45.

Mr. McFARLANE. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count.

Mr. McFARLANE. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. Does the gentleman withdraw his point of no quorum?

Mr. McFARLANE. I withdraw it, Mr. Speaker.

The SPEAKER. The gentleman from Texas demands the yeas and nays.

The yeas and nays were refused.

So the joint resolution was passed, and a motion to reconsider was laid on the table.

THIRD DEFICIENCY BILL

Mr. TABER. 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. TABER. Mr. Speaker, in order that there may be no misunderstanding as to the legislative situation with reference to the deficiency bill, I desire to tell the House that in my opinion, under the relief bill which was passed and signed on the 8th of April, the President would have authority to allot funds to meet the old-age-pension proposition, the widows' pension, and the children's relief and the relief for the blind.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. CONNERY. What about the appropriation for the National Labor Relations Board?

Mr. TABER. Well, he might have authority in that case; but I would not want to say.

[Here the gavel fell.]

ADDITIONAL UNITED STATES JUDGE FOR THE DISTRICT OF KANSAS

Mr. HOUSTON. Mr. Speaker, I call up the bill (S. 3434) to provide for the appointment of one additional judge for the district of Kansas and ask unanimous consent for its immediate consideration.

The clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kansas.

Mr. HOPE and Mr. CARLSON objected.

MOUNT RUSHMORE NATIONAL MEMORIAL

Mr. WERNER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3204) to provide additional funds for the completion of the Mount Rushmore National Memorial, in the State of South Dakota, and for other purposes.

The clerk read the title of the bill.

Mr. TABER. Mr. Speaker, I object.

Mr. WERNER. Mr. Speaker, I move to suspend the rules and pass the bill (S. 3204) to provide additional funds for the completion of the Mount Rushmore National Memorial, in the State of South Dakota, and for other purposes.

The Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed the sum of $200,000, in addition to the amount previously authorized, for the purpose of defraying the cost of completing the Mount Rushmore National Memorial, in the State of South Dakota, including landscaping of the contiguous grounds thereof, constructing the entrances thereto, and constructing a suitable museum room in connection therewith.

SEC. 2. The Mount Rushmore National Memorial Commission, with the approval of the Secretary of the Interior, is hereby authorized to enter into contract for the execution and completion of the work and to fix the compensations to be paid to artists, sculptors, landscape architects, and others, who may be employed by the Mount Rushmore National Memorial Commission, in the completion of the said Mount Rushmore National Memorial pursuant to the provisions of section 3 of Public Law No. 805, Seventieth Congress, approved February 25, 1929, as amended by section 1 of Public Law No. 471, Seventy-third Congress, approved June 26, 1934.

The SPEAKER. Is a second demanded?

Mr. TABER. Mr. Speaker, I demand a second.

Mr. WERNER. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. WERNER. Mr. Speaker, this bill provides an authorization of $200,000 for the completion of the Mount Rushmore Memorial in the Black Hills of South Dakota.

There was previously appropriated $250,000 for this memorial. The citizens of the State of South Dakota have contributed $70,500, and there has been spent from relief funds approximately $50,000.

This memorial is being carved in granite; the figures of Washington, Jefferson, Lincoln, and Theodore Roosevelt will be carved in this granite in the Black Hills, which will endure as long as the deeds of these great men contribute to the happiness of American posterity.

Mr. Speaker, the question simply resolves itself into whether we are going to leave this memorial unfinished or whether we are going to complete it. We have spent mil-

lions of dollars in the recent sessions of Congress for things less worth while.

To leave this memorial unfinished would be to desecrate the memory of these great statesmen. To finish it shows that we appreciate the Americanism they lived and taught. It is the spirit of the West to complete every undertaking. I ask the House to vote approval of this authorization.

Mr. Speaker, I reserve the balance of my time.

Mr. TABER. Mr. Speaker, this is not the first time this matter has been before the House. Frankly, I do not know how much has heretofore been appropriated, but I understand that a great deal of money has been appropriated, probably, $250,000, and I understood when the question came up before that the $250,000 was intended to finish the job and it was stated at the time that it would complete it.

Now, Gutzon Borglum, the noted sculptor, as I understand it, gets a very large share of the money that is appropriated for this particular purpose.

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. WOODRUFF. Gutzon Borglum does not get any such thing.

Mr. TABER. Does he not get something?

Mr. WOODRUFF. He gets something, and he is entitled to get something, I hope the gentleman will concede. But he does have to hire help, he does have expenses that have to be paid out of this. What he gets is a very small part of what is provided in this bill.

Mr. TABER. That is fine.

Mr. WOODRUFF. It is true also.

Mr. TABER. Mr. Speaker, it is not an easy job to stand up here and try to protect the Treasury of the United States. I have stood up and done it a good many times, and many times I have been bowled over after I have done it; but I feel that an attempt should be made at every opportunity to protect the Treasury, because the inroads on it are so severe that a serious question arises in my mind whether we are going to be able to meet those inroads. Having appropriated $250,000 heretofore for this job, with the understanding that that would finish the job, we ought not to go any further and appropriate any more money. We are in this situation: They have already completed the likenesses of Presidents Washington and Jefferson, as I understand it. That is a very considerable job, and it would seem to me that that would make a very good park all by itself, without adding any more to it.

In making that statement I do not wish to cast any aspersions upon President Lincoln or upon President Theodore Roosevelt, but I believe that a community which has as fine a park as this, with the likenesses of Washington and Jefferson, ought to be content and that it ought not to come back here for $200,000 more. I cannot see any excuse for spending so much money. We have started in tonight to allow some of these large appropriations to die. Let us let a few more die and not dig into the Treasury quite so hard. There is a lot of sentiment about all these parks. There is a lot of sentiment about all of these activities of an esthetic character. There is a lot of sentiment on the part of the neighborhoods affected. They feel they ought to have these things, but having treated them fairly in the past, is it not time that we should stop and not go any further? I reserve the remainder of my time.

Mr. WERNER. Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, it seems to me that if we do not intend to complete this project at Mount Rushmore we should not have commenced it. This half-finished job out there will represent a total loss unless we go ahead and complete it. I am in thorough sympathy with the position of my friend from New York, Mr. TABER, but there are things that we should do and this is one of them. It is not such a great sum of money that is being asked for in this appropriation.

Mrs. GREENWAY. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. Yes.

Mrs. GREENWAY. Is it not true that this monument is bringing millions of people to South Dakota?

Mr. KNUTSON. Yes. I was present when this park was dedicated by the late President Coolidge. It is one of the beauty spots of North America.

Mr. McFARLANE. Can the gentleman tell us about how many people have visited that section to view this monument and how far it is from the highway and how far it is from the center of population? Tell us something about this so that we will understand what we are about to vote on.

Mr. KNUTSON. I shall let the gentleman from South Dakota [Mr. WERNER], who is thoroughly acquainted with these different angles, answer that question.

Mr. McFARLANE. How close to completion are the two figures?

Mr. KNUTSON. The gentleman from South Dakota will also reply to that question. I think it would be a mistake to stop this gigantic work at this time, because if we do not complete it, the money that we have put into it will represent a total loss, and Congress will be the laughing stock of the country.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. PITTENGER. If the gentleman from Texas [Mr. McFARLANE] is opposed to this appropriation, let us ask him something about the $3,000,000 that we voted for Texas.

Mr. KNUTSON. Mr. Speaker, my colleague understands that money spent for public improvements in some other Member's district is always called "pork." I have no interest in this matter except to protect the money that we have already invested in this park.

Mr. COSTELLO. Will the gentleman tell us how much we have invested?

Mr. WHITE. Does the gentleman not think it advisable to avail ourselves of the matchless genius of Gutzon Borglum while he is still living?

Mr. KNUTSON. It is going to be one of the most marvelous works of art ever undertaken by mortal man. Mount Rushmore is situated in the Black Hills, and I say to you men and women who have never been out there that it is one of the scenic spots of the world. As this place becomes better known it will be visited by thousands and thousands of additional people each year. Therefore we should complete the job as soon as possible.

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. MORITZ].

Mr. MORITZ. Mr. Speaker, it seems inopportune at this time to bring in a bill of this sort. We spend millions every year for the unemployed, for the fathers of families who have no work and who are starving, which is right, but to spend $250,000 for art work at this time is certainly out of order. You cannot eat art. As the gentleman from New York [Mr. TABER] said, we have two images fashioned now, of Jefferson and Washington. That should be sufficient. What we are interested in now is getting people back to work so that the heads of families can get wages to buy food for their children. We are not interested in art right now. This project is all right in prosperous times when we have plenty of work and everybody is happy. Right now we should concentrate on the necessities of life.

The Chairman of the Committee on Appropriations [Mr. BUCHANAN] says we should retrench, and then the gentleman from Minnesota [Mr. KNUTSON], the great conservative, tells us to spend more money. Can you beat that?

Mr. WERNER. Will the gentleman yield?

Mr. MORITZ. Yes; I yield.

Mr. WERNER. Does the gentleman realize that practically every dollar that has been spent on Mount Rushmore is used to employ labor with which to feed the mouths of hungry children?

Mr. MORITZ. It is used to employ people like Mr. Borglum, who is already wealthy. There are a few laborers employed, and that is all. This is a lot of foolishness and ought to be voted down.

I yield back the remainder of my time.

[Here the gavel fell.]

Mr. WERNER. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Speaker, the gentleman from Pennsylvania [Mr. MORITZ], who has just concluded his remarks on this important bill, has apparently little knowledge of what is going on in the Black Hills. He seems possessed of the idea that the only person employed on that great work is Mr. Gutzon Borglum. When I tell you that the figure of Washington on that great mountainside is as large as the dome of this Capitol, and that the figures of Jefferson, Lincoln, and Theodore Roosevelt will be of comparable size, you will realize that Mr. Borglum finds it necessary to have many people help him in that tremendous work.

Now, I naturally have sympathy for the position taken by the gentleman from New York [Mr. TABER]. I have looked with much apprehension upon the wild squandering of money that is going on in this country. We are spending money for "boondoggling"; we are spending money for Passamaquoddy; we are spending money for building a highway down the Keys of Florida, over which few people will travel, and it is all built at a cost of many millions of dollars.

Mr. GREEN. Will the gentleman yield right there?

Mr. WOODRUFF. No; I do not yield.

I say to the Members of this House that the work going on at Mount Rushmore is something that will stand for thousands of years as a monument to the formative period in American history. That great monument contemplated in the Black Hills of South Dakota is supposed to typify four great epochs. One, typified by Washington and his work; one typified by Jefferson and his work; one typified by Lincoln and his work; and one typified by the work of Theodore Roosevelt.

Now, Mr. Speaker, as I stated a moment ago, when that great monument is completed, it will stand as a monument all down the ages to the Americanism we have known up to this time in our history. What is a matter of $200,000 in these days, when we consider that we have, during this session of Congress, appropriated $10,350,000,000 for God knows what, when with this $200,000 we can build a monument such as has never before been contemplated, such as has never before undertaken in the history of this world, to commemorate the great things which have contributed to making this the greatest country the world has ever known and the finest country in which to live.

Mr. Speaker, when I note the objections to this worthy measure, involving a mere $200,000, registered by the different Members of the House, particularly those of the majority, I am reminded that with the enactment of the third deficiency bill, which passed the House today, the appropriations for this session of Congress will amount to the staggering total of $10,350,000,000, bringing the total appropriated by the present administration during its first 3 years, under the direction of President Roosevelt himself, to the outrageously unjustified amount of $26,035,119,000.

This amount is greater by a few million dollars than the sum expended by this Government from April 6, 1917, until July 2, 1921, a period of more than 4 years, during which the United States was officially at war with Germany, and during which we were providing clothing, subsistence, military equipment of every kind and character for an army of 4,500,000 men, paying all other expenses incidental to conducting a war across a stretch of 2,500 miles of ocean, as well as increased expense for civil activities, and at the same time loaning billions of dollars to our allies, not much of which will ever be repaid.

For the fiscal year ending June 30, 1934, this administration appropriated $7,105,050,000; for the fiscal year ending June 30, 1935, there were appropriated—not including the $2,000,000,000 appropriated for the stabilization fund—$8,581,069,000; and this, together with the sum appropriated by this session of Congress, represents a sum greater by $1,514,274,000 than was expended by the United States during the period of 124 years from Washington's first inauguration to the fiscal year ending June 30, 1913, when President Wilson assumed Executive authority over the expenditures of the United States Government.

During this 124 years the people paid in part for the expense of waging the Revolutionary War and in full for the War of 1812, the Mexican War, the Indian wars, the Civil War, and the Spanish War, and in addition, of course, paid all of the other military and naval expenses as well as the civil expenses of the Government.

During the fiscal year just closed there was collected from every source, including the processing taxes upon foodstuffs and clothing, less than $4,500,000,000. This session of Congress has appropriated $5,900,000,000 more than we had to spend, and this means that the debt heaped upon the people of the country has been increased in this amount as a result of our action.

The tax bill, enacted at the insistence of President Roosevelt, notwithstanding the confiscatory rates on large incomes and estates and the increased taxes on business, will provide not to exceed $250,000,000 per year. If this bill serves no other purpose it will at least demonstrate to the country that the extravagant, wasteful expenditures of the Democratic administration now in power can be met only in exceedingly small part by soaking the rich, and that the poor will be called upon to pay far more than any people in their circumstances should ever be called upon to pay for taxes.

The amount of revenue produced by this tax bill will pay the running expenses of the Government as now conducted for less than 10 days. Even as a redistribution-of-wealth measure, which the people were led to believe it to be, it would provide but $2.08 for each of our 120,000,000 people. The bill makes it perfectly obvious to the great masses of our people that, in the last analysis, they, and not the rich, are going to be required to assume the greater portion of the cost of the administration's profligate expenditures.

Every dollar of expense, every dollar of debt is of vital interest to every class of our people, more particularly to the poorer classes. As President Roosevelt said in speaking at Pittsburgh, October 19, 1932:

> Our workers may never see a tax bill, but they pay in deductions from their wages, in increased costs of what they buy, or—as now—in broad cessation of employment. There is not an unemployed man, there is not a struggling farmer, whose interest in this subject is not direct and vital.

On that day, President Roosevelt expounded a fact, not a theory. Unless he has completely forgotten that statement and the truth of it, he must recognize the fact that the billions of dollars of waseful expenditures and the billions of dollars of debt being heaped upon our people must, in the last analysis, be paid largely by those who can least afford to pay, and I refer to our workers, our farmers, our people of modest incomes.

The result of this increasingly tragic situation, unless remedied at once, is bound to be a reduction of the American standard of living to the point where it will be comparable to that in the nations of the Old World and the Orient.

This burden of debt is going to be with us for generations. The young people of today, the young people of tomorrow, their children and their children's grandchildren, will be called upon to pay for the extravagance and the wasting of this administration.

Unless I am greatly mistaken in the good sense of the American people, they will, at the first opportunity presented to them through the ballot box, once and for all time register a repudiation of these shockingly wasteful policies that will be a lesson to other administrations for many years to come.

In view of the conditions I have outlined and in view of the ridiculous purposes for which billions are being spent by this administration, and in view of the worthy purpose for which this $200,000 is proposed, I hope the House will overwhelmingly approve the bill under consideration. [Applause.]

Mr. TABER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. SEARS].

Mr. SEARS. Mr. Speaker, I have learned in life that each knock is a boost. I therefore want to thank my colleague for the knock he has just given Key West, Fla. I was inclined to vote for this proposition, but my good colleague and friend from Michigan, with whom I have served so many years, showed me he was so misinformed as to conditions in Florida, and so unfair, I am afraid to follow

him on this bill. When he stated that no one ever traveled the Key West Highway, the eighth wonder of the sea, he clearly convinced me that I would be foolish and unwise to vote for his proposition. [Laughter and applause.]

Mr. TABER. Mr. Speaker, I yield the balance of my time, 8 minutes, to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, we are now discussing the question of spending $200,000 more. I want to call to the attention of the House the statement made by the Chairman of the Committee on Appropriations, Mr. BUCHANAN, day before yesterday, that we have appropriated at this session of Congress over $10,000,000,000; more money than has ever been appropriated by any Congress in the history of this Nation in 149 years. Now, when you think that we have been the most extravagant Congress that has ever assembled, do you not think we ought to really consider, and consider carefully, what we are doing?

Where are we going to get the money? Remember that last year we spent $7,500,000,000, one-half raised by taxation and the other 50 percent raised by bonding the children and the grandchildren of this Nation to pay the bill, a millstone around their neck. This year we are appropriating 50 percent more than we spent a year ago. Now, if we are not going to increase the taxes more than we have done, if we are not going to raise more than $250,000,000 additional, you can see that if this money is spent we are going to be $7,500,000,000 in the red before the end of the year.

Let me ask you as supposedly sensible men, and I cannot qualify it in any other way, considering the expenditure of money, if you want to consider the continuation of the Government of the United States there is not one man here in this Chamber tonight but who realizes that in a very short time if we continue to pyramid our public debt as we did last year and as we are trying to do this year, that eventually the credit of this Nation will be gone; and when you wreck the credit of this Nation you wreck this Nation itself.

Now, what are we doing? We are considering here in this bill the question of putting on a mountain side the likeness of the face of Washington, which has already been completed, and of the face of Jefferson, which I understand is nearly completed, and of the faces of Lincoln and Teddy Roosevelt. We are told in this Chamber that the completed likenesses will each be as high as the Capitol Dome; our national debt is $31,000,000,000 higher than the Empire State Building. If these two faces are that big, gracious goodness, we ought to change the faces of those two men or else we ought to change the faces and the complexion of the Members of this House, one of the two. If the Members of Congress and our guests in the galleries want to look at the face and figure of Washington, they need not go to the Black Hills of South Dakota; they can turn to the portrait in this Hall of the House of Representatives and see Washington in natural size, as he would want to be seen by the citizens of this country.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. RICH. Mr. Speaker, I decline to yield because there is still hope for America and there is still hope for this Congress if we refuse to appropriate any more money. Then when we come back here next year, let us put more taxes on the American people, because that is what you will have to do ultimately. Tax the American people more so they will send back to Congress men who will not spend money like you have been spending it during this session of Congress. [Applause.]

They tell me that we are going to employ on this monument Mr. Borglum and his crew of assistants. Now, I like Mr. Borglum. I think he is a very fine man, and no doubt he is one of the finest sculptors in this land, or in the world.

I question whether the $200,000 that is to be spent for this particular purpose at this particular time will do as much good for the people of South Dakota as though this money were spent to help the farmers of South Dakota, instead of in a manner in which they are trying to help them now with the processing taxes, for you must remember that the people back home are getting tired of the processing taxes. Now, when you go to the people of America and ask them to pay taxes in some other manner to pay these 60 men for building these great faces of Washington, Jefferson, and Roosevelt on that mountainside, faces which are going to be as high as the Capitol Dome, then I think the taxpayers will say to you, and they will say to me that their tax bill is higher than the Capitol Dome. Taxes are now too high, but to save the Nation you must either increase taxes or cut down expenses. What course will you take?

Mr. McFARLANE. Gutzon Borglum is a chiseler, is he not?

[Here the gavel fell.]

Mr. WERNER. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. LUNDEEN].

CONGRESS MUST NOT ADJOURN NOW—OUR WORK IS UNFINISHED

Mr. LUNDEEN. Mr. Speaker, the administration deserves credit for continuing the great Rushmore Black Hills Project. Gutzon Borglum is a sculptor whose genius is unquestioned and whose fame is world-wide. This art project was originated under the Republican President, Coolidge, and carried on by the administration of President Hoover, and all the Democratic administration is seeking to do now is to finish what the Republicans began.

VETERANS' LEGISLATION MUST BE PASSED

We must not adjourn now. We must stay here until we have passed the bill to pay the adjusted-service certificates due the veterans of the World War, and other veterans' legislation. The more than $2,000,000,000 provided in the adjusted-service certificates bill will flow into the arteries of commerce and trade to revive business and help labor in this crisis.

PASS THE FRAZIER-LEMKE FARM REFINANCING BILL

We must pass the Frazier-Lemke farm refinancing bill and other farm legislation. The farmers are entitled to that and no less than that. I have voted for every piece of labor, veterans', and farmers' legislation brought before this House, and now it is proposed that we adjourn without enacting genuine, adequate social-security legislation. Speeches are even made on the floor tonight that we should adjourn without appropriating any money to carry out the measures passed by this Congress. What is the purpose of this? Is the purpose to destroy the little good that might come of the work we have done, insufficient and inadequate as it is? Is that your purpose?

MUST PROVIDE FUNDS FOR GENUINE, ADEQUATE SOCIAL SECURITY

We must stay here until we have provided adequate funds for genuine social security, by taxation on gifts, inheritances, and incomes over $5,000. I am in favor of staying here to carry out by proper appropriations the bills that have been passed for unemployment, old age, maternity, health, accident insurance, and social insurance in general. We have no right to think of our personal comfort in this matter. We are hired to stay here and do our duty by the people back home in these United States. They expect nothing less from us than that.

I want the RECORD to show that I am against adjournment now when the American Federation of Labor says that 11,000,000 are now unemployed, and I consider that figure way too low—the figure lies somewhere between twelve and fifteen million unemployed, and we have plenty of authority to sustain our position on that. I am against adjourning now when the relief lines run more than 22,000,000 and are steadily rising and have been rising during the last 3 years.

THIS CRISIS IS NOT OVER

Ladies and gentlemen, this crisis is not over, and we must meet it as our fellow citizens expect us to meet it. We must stay here until we find a solution to the problems that confront us in this day and hour. [Applause.]

[Here the gavel fell.]

Mr. WERNER. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Speaker, I am not alarmed as is the gentleman from Pennsylvania about the American Govern-

ment being made bankrupt by the Roosevelt administration. Half the wealth of the world is in the United States.

Mr. Speaker, my purpose for rising at this time is to refute the statement made by the gentleman from Michigan [Mr. WOODRUFF] relative to Key West, Fla. It is one of the most ancient and picturesque cities in the United States. It is the southernmost city in the United States. Money expended for this highway will prove to be one of the most meritorious expenditures this Congress has ever made. Thousands of tourists as well as local persons will travel this highway annually. The gentleman from Michigan is entirely in error relative to the importance of this Federal expenditure. [Applause.]

Mr. WERNER. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Speaker, the provision in the report of the Committee on the Library sets out that this is the last money to be given to finish this project. I want to relieve the anxiety of my friend the gentleman from Pennsylvania by calling his attention to these simple facts. When we talk of deficits, for every 2 years and 8 months of our existence from the beginning of the Government to the present time 1 year out of that 2 years and 8 months has been a year of deficit. I want the Members to get that perfectly clear. We have never had any difficulty in paying our deficits when we got to work. This is work and will help to whatever extent we appropriate the money for it. This $200,000 will finish this great work. We ought to understand what the art of our country means. We ought to get some idea of what we are doing out there and what a really great work is being done by a great American sculptor—in fact, the greatest in the world.

[Here the gavel fell.]

Mr. WERNER. Mr. Speaker, I yield myself the balance of the time.

Mr. WERNER. Mr. Speaker, this bill is approved by the Director of the Budget. We come here and ask your vote for this bill with the approval of all the agencies that have anything to do with it, and this bill, I may say, comes here also with the approval of the President of the United States. The other day the President wrote this letter:

> In our conversation the other day regarding the Mount Rushmore National Memorial, your description of the progress of work on the memorial and of its inspirational value to our people in the years to come convinces me of the need for legislation to authorize an additional appropriation of $200,000 for the completion of this project.

Mr. Speaker, that letter was written to the senior Senator from my State, Hon. PETER NORBECK, who has given of his time, of his efforts, and of his thoughts, and whose heart lies in the completion of this great American memorial.

Mr. WOODRUM. Will the gentleman yield?

Mr. WERNER. I yield to the gentleman from Virginia.

Mr. WOODRUM. I hope the gentleman's resolution will pass. I should like to make this observation, if the gentleman will permit: This project was started, as the gentleman knows, under a previous administration. There are no politics in it at all. It is a great American project. It always has happened that these projects have taken more money than we started out to spend. If we appropriate more money to finish this, we are simply doing what we have always had to do and what we know we always will have to do in the future. It takes more money than was thought necessary at the beginning. I think the resolution is meritorious, and I hope it will pass.

[Here the gavel fell.]

The SPEAKER pro tempore. The question is on the motion of the gentleman from South Dakota [Mr. WERNER] to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 119, noes 41.

So (two-thirds having voted in favor thereof) the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

RETIREMENT OF CERTAIN OFFICERS AND EMPLOYEES

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2364) relative to the retirement of certain officers and employees.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. McFARLANE. Mr. Speaker, reserving the right to object, I should like to have the bill explained.

Mr. RAMSPECK. I shall be glad to explain the bill. This bill has the recommendation of the Post Office Department and the Postmaster General. It affects only 52 employees who automatically were retired by the Economy Act of 1932, but were retained by the Post Office Department for part of the month of July, but could not be paid because there was no money appropriated with which to pay them.

Mr. McFARLANE. Mr. Speaker, I have no objection.

Mr. SNELL. Mr. Speaker, will the gentleman yield for one more question?

Mr. RAMSPECK. Yes.

Mr. SNELL. As I understand the situation, this is not liable to establish a precedent because nothing similar to this can happen in the future.

Mr. RAMSPECK. The gentleman is correct.

Mr. DONDERO. This is simply to pay for work that has been done and not paid for by the Government.

Mr. SNELL. There has been no work done that was not paid for, because these people were on the pay roll.

Mr. MEAD. Mr. Speaker, will the gentleman yield?

Mr. RAMSPECK. Yes.

Mr. MEAD. A large number of employees were retired under the Economy Act and then asked if they would not work until the 10th of July, and a Comptroller's decision subsequently barred them from their retirement pay until the 1st of August, and this bill takes care of that situation.

Mr. RAMSPECK. Yes.

There being no objection, the clerk read the Senate bill as follows:

> *Be it enacted, etc.*, That all officers and employees of the United States Government or of the government of the District of Columbia who had reached the retirement age prescribed for automatic separation from the service on or before July 1, 1932, or during the month of July 1932, and who were continued in active service for a period of less than 31 days after June 30, 1932, shall be regarded as having been retired and entitled to annuity beginning with the day following the date of separation from active service, instead of August 1, 1932, and the United States Civil Service Commission is hereby authorized and directed to make payments accordingly from the civil-service retirement and disability fund to those persons entitled and who make application therefor.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ACTIVE DUTY FOR RESERVE OFFICERS

Mr. McSWAIN. Mr. Speaker, by direction of the Committee on Military Affairs, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6250) to amend the National Defense Act, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

> Strike out all after the enacting clause and insert:
>
> "That the President is hereby authorized to call annually, with their consent, upon application to and selection by the War Department, for a period of not more than 1 year for any one officer, not to exceed at any time 1,000 Reserve officers of the combatant arms and the Chemical Warfare Service in the grade of second lieutenant, for active duty with the Regular Army: *Provided*, That nothing herein contained shall affect the number of Reserve officers that may be called to active duty under existing laws, nor the conditions under and purposes for which they may be so called.
>
> "SEC. 2. That, for the period of 10 years beginning July 1, 1936, the Secretary of War is authorized to select annually, in addition to the graduates from the United States Military Academy, 50 officers who shall be commissioned in the Regular Army: *Provided*, That the Secretary of War shall determine for each annual increment the number to be allotted among the promotion list branches: *And provided further*, That the number to be appointed

in the promotion list branches shall be selected from such Reserve officers who have received the training herein authorized or from graduates of the Army Air Corps Training Center."

The SPEAKER. Is there objection to the immediate consideration of the bill?

Mr. SNELL. Mr. Speaker, reserving the right to object, will the gentleman explain the Senate amendment?

Mr. McSWAIN. Mr. Speaker, this bill is in the singular and unique situation of having passed the House and the Senate twice, in that the provisions of the bill, substantially, were a part of what was known as the "additional cadetship bill" for the Military Academy. By action of the Senate, this part of the bill was recalled, with the consent of the House, and then the House subsequently passed a bill authorizing the calling of not exceeding 2,000 Reserve officers to duty, and this amendment of the Senate cuts it down to not exceeding 1,000 Reserve officers.

Mr. SNELL. Just what does the gentleman mean by calling them to duty?

Mr. McSWAIN. Active duty with the Regular Army for training, not exceeding a period of 1 year at a time. This is one of the most essential and fundamental and constructive pieces of legislation with regard to national defense that has been inaugurated in a long time.

Mr. SNELL. This is entirely new.

Mr. McSWAIN. This is new, but it has the approval of the War Department and the approval of the Reserve Officers' Association, and all those who have constructive thought with regard to the best and most economical way of providing national defense.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. CONNERY. Are these Reserve officers who are called to duty to be used in labor disturbances?

Mr. McSWAIN. No; these officers are to serve on active duty with the Regular Army.

Mr. SABATH. Is this necessary on account of the retirement act that we passed a few days ago?

Mr. McSWAIN. This has no connection whatsoever with that matter. These gentlemen are just called for training. There are 120,000 of these officers in the United States, and we are calling not to exceed 1,000.

Mr. RICH. Reserving the right to object, do I understand that this provides for a thousand new officers?

Mr. McSWAIN. Oh, no. There are at present 120,000 Reserve officers, and 90 of them are on active duty. This permits the Secretary of War to call not exceeding 1,000 in any one year, and it will depend upon the action of the Committee on Appropriations and the Congress as to how much money they can get. They may only furnish the money for 500, but this bill gives him authority to call not exceeding 1,000.

Mr. RICH. Are they going to spend all the money they can get to take care of these men?

Mr. McSWAIN. They will not spend any more than Congress appropriates, and there will be no request for an appropriation at this time.

Mr. RICH. What is it going to cost to maintain these officers?

Mr. McSWAIN. If the 1,000 officers are called, it will not cost more than $1,500,000.

Mr. RICH. Where are you going to get the million and a half dollars?

Mr. McSWAIN. We will have to see about that next year.

Mr. RICH. Mr. Speaker, I object.

ORDER OF BUSINESS

The SPEAKER. There are 13 House bills with Senate amendments on the Speaker's table. These bills have passed the House and passed the Senate, and the Senate has amended them. The Chair thinks, in all fairness, that these bills, having advanced to that stage, should be considered at this time. The Chair thinks that the Members who are interested in them, if they desire to do so, ought to be given the opportunity to call them up. Of course it takes unanimous consent. The Chair will recognize Members who are interested in these bills at this time.

AMENDMENT TO BANKRUPTCY LAWS

Mr. CHANDLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7858) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof, and supplementary thereto, with Senate amendments thereto, and concur in the Senate amendments.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to take from the Speaker's table the bill H. R. 7858 with Senate amendments thereto.

The Clerk reported the title of the bill.

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read as follows:

Page 3, line 10, strike out all after "filed." down to and including "presumed" in line 20, and insert: "If the United States of America is a creditor or stockholder, the interests or claims thereof shall be deemed to be affected by the plan, and the Secretary of the Treasury is hereby authorized to accept or reject a plan in respect of the interests or claims of the United States. If, in any reorganization proceeding under this section, the United States is a creditor on claims for taxes or customs duties (whether or not the United States has any other interest in, or claim against, the debtor, as creditor or stockholder), no plan which does not provide for the payment thereof shall be confirmed by the judge except upon the acceptance of a lesser amount by the Secretary of the Treasury certified to the court: *Provided*, That if the Secretary of the Treasury shall fail to accept or reject a plan for more than 90 days after receipt of written notice so to do from the court to which the plan has been proposed, accompanied by a certified copy of the plan, his consent shall be conclusively presumed."

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I think the gentleman should make a short explanation and tell us exactly what this means.

Mr. CHANDLER. Mr. Speaker, this bill was passed by the House for the purpose of clarifying a provision in the corporate-reorganization statute which the Seventy-third Congress passed. Some of the courts construing that statute found that Congress had failed to fix the status of Government claims during the reorganization of corporations. The House passed the bill fixing the status of Government claims, and when the bill went to the Senate the Senate amplified the statute so as to fix the agency to represent the Government in this matter in the Secretary of the Treasury for all departments of the Government, rather than to have every department of the Government that might have a claim against the corporation making separate investigations into the corporate assets. Another amendment that was added by the Senate gave the Secretary of the Treasury the right to be the agent for all of the Government organizations and make one investigation instead of several. Next, the time within which the Secretary of the Treasury, as the agent, would have to accept or reject settlements proposed in these reorganizations was extended from 60 days to 90 days, giving more time for a more thorough investigation. Third, customs duties were placed in the same status as taxes in the collection of the Government claim. That is what this does.

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were concurred in and a motion to reconsider laid on the table.

RELIEF OF BELL OIL & GAS CO.

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 7140, an act for relief of the Bell Oil & Gas Co., with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to take from the Speaker's table the bill H. R. 7140, with a Senate amendment thereto, and concur in the Senate amendment. The Clerk will report the Senate amendment.

The Clerk read as follows:

Strike out all after the enacting clause and insert:

"That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury

not otherwise appropriated, the sum of $4,616.69 to the Bell Oil & Gas Co., of Tulsa, Okla., for the purpose of reimbursing said Bell Oil & Gas Co. for Federal tax on gasoline delivered under contract with the War Department, dated June 29, 1932, said Department having contracted to pay said tax and said payment having been refused by the Comptroller General of the United States: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider the vote by which the Senate amendment was concurred in was laid on the table.

TRANSFER OF MILITARY RESERVATION TO THE DEPARTMENT OF THE INTERIOR

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 8444, to authorize the transfer of a certain military reservation to the Department of the Interior, with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The gentleman from South Carolina asks unanimous consent to take from the Speaker's table the bill H. R. 8444, with a Senate amendment thereto, and concur in the same.

The Clerk will report the Senate amendment.

The Clerk read as follows:

Line 11, after "War Department", insert ": *Provided, however*, That nothing in this act shall be construed as authorizing the transfer of any part of the said reservation which, in the judgment of the Secretary of War, is needed for the proper development, control, or use of the reservation for military purposes: *Provided further*, That upon cessation of such use the premises so transferred shall revert to the jurisdiction of the War Department: *And provided further*, That the transfer authorized by this act shall not require discontinuance of the operation of the Fort Belvoir Fish Cultural Station, however, its removal and establishment elsewhere on the Belvoir Military Reservation, Va., as may be agreed upon by the Secretary of Commerce and the Secretary of War, is hereby authorized."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was concurred in and a motion to reconsider the vote by which the Senate amendment was concurred in was laid on the table.

JOHN S. CANNELL, DECEASED

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H. R. 1575, to correct the military record of John S. Cannell, deceased, with Senate amendment and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Strike out all after "have" in line 8, down to and including "1918" in line 10, and insert: "died on the 12th day of September 1918 as a member of said organization, and that his death was in the line of duty and was not the result of his own misconduct."

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

The title was amended to read: "An act for the relief of John S. Cannell, deceased."

TO AMEND THE NATIONAL DEFENSE ACT

Mr. McSWAIN. Mr. Speaker, I renew my request for the consideration of the bill (H. R. 6250) to amend the National Defense Act, with a Senate amendment, and concur in the Senate amendment, having been informed that the objection was made under misapprehension.

The SPEAKER. The gentleman from South Carolina asks unanimous consent for the immediate consideration of the bill H. R. 6250 with a Senate amendment, which the Clerk will report.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That the President is hereby authorized to call annually, with their consent, upon application to and selection by the War Department, for a period of not more than 1 year for any one officer, not to exceed at any time 1,000 Reserve officers of the combatant arms and the Chemical Warfare Service in the grade of second lieutenant, for active duty with the Regular Army: *Provided*, That nothing herein contained shall affect the number of Reserve officers that may be called to active duty under existing laws, nor the conditions under and purposes for which they may be so called.

"SEC. 2. That for the period of 10 years, beginning July 1, 1936, the Secretary of War is authorized to select annually, in addition to the graduates from the United States Military Academy, 50 officers who shall be commissioned in the Regular Army: *Provided*, That the Secretary of War shall determine for each annual increment the number to be allotted among the promotion list branches: *And provided further*, That the number to be appointed in the promotion list branches shall be selected from such Reserve officers who have received the training herein authorized or from graduates of the Army Air Corps Training Center."

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. HOEPPEL. Reserving the right to object, I will not object, but I should like to make a reservation to strike out the last word.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I move to concur in the Senate amendment.

Mr. HOEPPEL. Mr. Speaker, I should like to be recognized in opposition.

Mr. McSWAIN. Mr. Speaker, I move the previous question on the motion to concur in the Senate amendment.

The previous question was ordered.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

HERMAN W. BENSEL

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speakers' table the bill (H. R. 3109) for the relief of Herman W. Bensel, with Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Lines 6 and 7, strike out "Regiment Volunteer Infantry, National Guard", and insert: "Infantry."

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. McFARLANE. Reserving the right to object, I should like to have the amendment explained.

Mr. McSWAIN. The Senate amendment only changes the designation. The House bill said that this soldier was of the One Hundred and Fifty-fourth Regiment Volunteer Infantry, National Guard. The amendment simply strikes that out and inserts the word "Infantry."

Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RICH]. I overlooked the fact that he desired to explain his attitude a moment ago. I yield the gentleman 2 minutes.

Mr. RICH. Mr. Speaker, when the gentleman said we are adding a thousand officers to the Regular Army and it was to cost $1,500,000, I thought that was something beyond what we ought to do in the late moments of the session, but when it is only giving men in the National Guard, Reserve officers, an opportunity for part time, it makes an entirely different aspect on this $1,500,000, because it is going to give employment.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

ROBERT E. CALLEN

Mr. RAMSPECK. Mr. Speaker, on behalf of the Committee on Claims, I ask unanimous consent to take from the

Speaker's table the bill (H. R. 4567), an act for the relief of Robert E. Callen, with a Senate amendment, and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "$2,418.52" and insert "$1,000."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

ELINORA FAREIRA

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4770) for the relief of Elinora Fareira, with a Senate amendment, and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, after line 9, insert:

"SEC. 2. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,800 to Mearon Perkins, formerly a janitor in the El Centro Post Office, El Centro, Calif., in full satisfaction of all his claims against the United States for a reward for protecting the property of the United States on February 4, 1932, at great risk to his life, when he was compelled to shoot and kill one Alvin Self, an escaped convict, who was ransacking the package room of such post office."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendment was agreed to.

The title was amended to read as follows: "An act for the relief of Elinora Fareira and Mearon Perkins."

A motion to reconsider was laid on the table.

MARY E. LORD

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5097) for the relief of Mary E. Lord, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "$5,000" and insert "$2,500."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

FRANK WILLIAMS

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5521) for the relief of Frank Williams, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "$2,500" and insert "$1,000."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

MARY BROWN RALEY

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5750) for the relief of Mary Brown Raley, with a Senate amendment and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 9, after "1932", insert: "and for expenses and losses resulting therefrom."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

MRS. L. B. GENTRY

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3149) to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to determine the claim of Mrs. L. B. Gentry, with a Senate amendment and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, line 3, after "Act" insert: "*Provided*, That the judgment, if any, shall not exceed the sum of $5,000."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6776) to amend section 36 of the Emergency Farm Mortgage Act of 1933, with Senate amendments, concur in Senate amendments nos. 1 and 2, and disagree to Senate amendment no. 3.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 1, line 11, after "districts," where it occurs the first time, insert: "reclamation districts,"

Page 3, after line 11, insert:

"SEC. 3. The Emergency Farm Mortgage Act of 1933, as amended, is further amended by adding after section 36 thereof the following new section:

"'SEC. 36A. In addition to the authority granted to the Reconstruction Finance Corporation by section 36 of this act, as amended, the Corporation is authorized and empowered to make loans, as hereinafter provided, in an aggregate amount not exceeding $10,000,000 to or for the benefit of counties, political subdivisions of States, political subdivisions of counties, and districts, duly organized under the laws of any State, in which the United States has acquired or shall hereafter acquire lands for purposes of watershed protection, timber production and conservation, protection of grazing areas, or preservation of wildlife. Such loans shall be made for the purpose of enabling any such county, political subdivision, or district (hereinafter referred to as the "borrower") to refinance its outstanding indebtedness existing at the time the United States acquired or shall have acquired such land.

"'Such loans shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loans shall not exceed 40 years; (2) each such loan shall, in the opinion of the Corporation, be reasonably and adequately secured, and, in respect to the type of security, shall be secured (a) by bonds, notes, or other obligations for the payment of which shall be pledged the full faith and credit and taxing power of the borrower or of such taxing authority as may be authorized pursuant to State law to levy assessments, taxes, or other charges for the repayment of said obligations, or (b) by bonds, notes, or other obligations which are a lien on real property situated within the boundaries of the borrower, which is taxable under existing laws, or shall be secured by both of such methods, and (c) by such other collateral as may be acceptable to the Corporation; and (3) the borrower shall agree, insofar as it may lawfully do so, that so long as any part of such loan shall remain unpaid the borrower will in each year apply to the repayment of such loan, or to the purchase or redemption of the obligations issued to evidence such loan, an amount equivalent to a proportionate part of the principal of the loan, taking into consideration the number of years through which the loan will mature and taking into consideration the intention to place on the taxpayers a burden as nearly uniform as practicable throughout the entire term of the loan, and that it shall at all times make provision for such reasonable reserves as may be approved by the Corporation. No loan shall be made under this section until the Reconstruction Finance Corporation (A) shall have determined that by reason of the acquisition of said land by the Government the financial condition of the borrower has been sufficiently affected to warrant the making of such loan; (B) has satisfied itself as to the security supporting the outstanding bonds or other obligations of the applicant; and (C) in the case of a loan to reduce or refinance the outstanding indebtedness of an applicant, has been satisfied that an agreement has been entered into between the applicant and holders of its outstanding bonds or other obligations under which the applicant will be able to purchase or refund all or a major portion of such bonds or other obligations at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 3 months' period ending July 1, 1935, and under which a reduction will be brought about in the amount of the outstanding indebtedness of the applicant, or under which a reduction in its annual charges of principal and interest will be accomplished, resulting in benefit to the community and promoting its general welfare. Loans made under this section shall bear interest at a rate or rates to be fixed by the Corporation.

"'When a loan is authorized pursuant to the provisions of this section and it shall then or thereafter appear that repairs and

necessary extensions or improvements to the properties of borrower are necessary or desirable for the further assurance of the ability of the borrower to repay such loan, the Corporation, within the limitation as to total amount provided in this section, may make an additional loan or loans to such borrower for such purposes.

"'The proceeds of any loan applied for by a borrower under this section may be paid either to such borrower or to the holders or representatives of the holders of the bonds, notes, or other obligations to be reduced and refinanced in connection with such loan, and such loans may be made upon promissory notes collateraled by such bonds, notes, or other obligations, or through the purchase of securities issued or to be issued by such borrower. In the discretion of the Corporation, the borrower may, if consistent with State law, be authorized to deliver to the holders of such original obligations, refunding bonds bearing the same rate of interest and issued on the same basis of the refunding bonds to be held by the Corporation.'"

Page 3, after line 11, insert:

"SEC. 4. That notwithstanding any other provision of law, Electric Home and Farm Authority, a corporation organized under the laws of the District of Columbia, shall continue until February 1, 1937, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States. During the continuance of such agency, the present investment in the capital stock of such corporation, for the use and benefit of the United States, shall be continued, and such corporation is hereby authorized to use all its assets, including capital and net earnings therefrom, and all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency."

Amend the title so as to read: "An act to amend the Emergency Farm Mortgage Act of 1933, as amended, and for other purposes."

Mr. STEFAN. Mr. Speaker, reserving the right to object, do I understand Senator NORRIS will recede on Senate amendment no 3?

Mr. PIERCE. He has receded on that amendment.

Mr. STEFAN. Mr. Speaker, I have no further objection to the bill.

The SPEAKER. Without objection, Senate amendments nos. 1 and 2 will be agreed to and Senate amendment no. 3 will be disagreed to.

There was no objection.

A motion to reconsider was laid on the table.

HOMESTEAD ENTRIES BY CERTAIN WORLD WAR VETERANS

Mr. ROBINSON of Utah. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8133) to authorize certain homestead settlers or entrymen who are disabled World War veterans to make final proof of their entries, and for other purposes, with Senate amendments and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 3, strike out "settler or."

Page 1, line 5, strike out "actually engaged in" and insert: "a member of."

Page 1, lines 8 and 9, strike out "who settled, entered upon, or applied for public lands" and insert: "whose entry was made prior to January 1, 1935,".

Page 1, line 9, strike out "incapacities is" and insert: "or mental disabilities has been or may hereafter become."

Page 2, line 5, strike out "or settled."

Amend the title so as to read: "An act to authorize certain homestead entrymen who are disabled World War veterans to make final proof of their entries, and for other purposes."

Mr. McFARLANE. Mr. Speaker, reserving the right to object, I should like to have these amendments explained.

Mr. ROBINSON of Utah. Mr. Speaker, the purpose of this bill is simply to permit homestead entrymen who have been discharged from service in the World War to have a chance to prove up on their homesteads, provided they are disabled and unable to live on them and take care of them.

Mr. McFARLANE. I notice this provision amongst others:

Who because of physical or mental disabilities has been or may hereafter become unable to perform the prescribed residential improvement and other requirements.

Is not this going pretty far?

Mr. ROBINSON of Utah. No; it simply provides that a soldier who is disabled or who becomes disabled and cannot prove up on his homestead may, in the discretion of the Secretary of the Interior, be given the right to the homestead without living on it.

The SPEAKER. Is there objection to the request of the gentleman from Utah?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

ATTORNEYS AND COUNSEL SPECIALLY EMPLOYED BY ATTORNEY GENERAL

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3433) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain cases.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, I wish the gentleman would make a statement explaining this bill.

Mr. SUMNERS of Texas. Mr. Speaker, this bill is introduced for the purpose of relieving from the operation of existing law Mr. William Stanley who was formerly an Assistant Attorney General and who is wanted by the Attorney General to continue the prosecution of a case in which he was engaged while he was in the service. There is $20,000,000 involved.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That nothing in sections 109 and 113 of an act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended (U. S. C., title 18, secs. 198 and 203), or in section 190 of the Revised Statutes of the United States (U. S. C., title 5, sec. 99), or in any other act of Congress forbidding officers or employees or former officers or employees of the United States from acting as counsel, attorney, or agent for another before any court, department, or branch of the Government or from receiving or agreeing to receive compensation therefor, shall be deemed to apply to attorneys or counselors to be specially employed, retained, or appointed by the Attorney General or under authority of the Department of Justice to assist in the conduct of the cases entitled The Farmers' Loan & Trust Co. (a corporation) as trustee under a deed of trust made by William Waldorf Astor, etc., against Frank C. Bowers, etc. (L 35/74 and L 35/75) pending in the United States District Court for the Southern District of New York and in the Circuit Court of Appeals for the Second Circuit, including all proceedings to review any judgment or decree that may be rendered therein, and any other case or proceeding involving the matters or any of them involved in the said cases.

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

A motion to reconsider and a similar House bill (H. R. 9168) were laid on the table.

MACK COPPER CO.

Mr. BURNHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 1878) conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co. and its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. McFARLANE. Mr. Speaker, reserving the right to object, I should like to hear this bill explained.

Mr. BURNHAM. Mr. Speaker, the purpose of this bill is to confer jurisdiction on the Court of Claims to hear and determine the claim of the Mack Copper Co. During the World War the Government took possession of something over 5,000 acres of land belonging to the Mack Copper Co., later known as "Camp Kearney." There was no lease or contract made. Later the Court of Claims allowed the Mack Copper Co., as rental, the sum of $79,000. They used the land for something over 5 years, but left it in a terrible condition, with trenches, pits, and so forth.

Mr. McFARLANE. The matter goes to the Court of Claims?

Mr. BURNHAM. It goes to the Court of Claims.

Mr. McFARLANE. This bill merely confers jurisdiction on the Court of Claims to try the case?

Mr. BURNHAM. That is all.

The SPEAKER. Is there objection to the request of the gentleman from California?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That jurisdiction be, and is hereby, conferred upon the Court of Claims of the United States, notwithstanding the lapse of time, prior consideration, or any statute of limitation,

to hear and determine the claim of the Mack Copper Co. against the United States for just compensation for the taking and use, of certain real property owned by the Mack Copper Co. and situated in San Diego County, State of California, which real property was taken, used, and occupied by the United States as an Army cantonment, training camp, or for other military purposes during the period from on or about May 15, 1917, to on or about June 1, 1922, not heretofore paid by the United States to the Mack Copper Co.

SEC. 2. That the Court of Claims of the United States, in the hearing and determination of any suit prosecuted under the authority of this act, is authorized, in its discretion, to use and consider as evidence in such suit, together with any other evidence which may be taken therein, the testimony and other evidence filed by Mack Copper Co. and the United States, respectively, in case no. D–134 on the docket of that court entitled "Mack Copper Co. against the United States", wherein the court rendered a judgment on the 6th day of June 1927.

SEC. 3. From any decision or judgment rendered in any suit presented under the authority of this act, a writ of certiorari to the Supreme Court of the United States may be applied for by either party thereto, as is provided by law in other cases.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROTECTION AND PRESERVATION OF DOMESTIC SOURCES OF TIN

Mr. FADDIS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3381) to provide for the protection and preservation of domestic sources of tin.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. SNELL. Mr. Speaker, reserving the right to object, I want to hear this bill explained.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That, in the interest of national defense, it is hereby declared to be the policy of Congress and the purpose and intent of this act to protect, preserve, and develop domestic sources of tin, to restrain the depletion of domestic reserves of tin-bearing materials, and to lessen the present costly and dangerously dependent position of the United States with respect to resources of tin.

SEC. 2. There shall not be exported from the United States after the expiration of 60 days from the enactment of this act any tin-plate scrap, except upon license issued by the President of the United States. The President is authorized to grant licenses upon such conditions and regulations as he may find necessary to assure in the public interest fair and equitable consideration to all producers of this commodity.

SEC. 3. Any violations of the provisions of this act shall be a misdemeanor and shall be punished by a fine of not more than $500 or by imprisonment of not more than 1 year, or by both such fine and imprisonment.

Mr. SNELL. Mr. Speaker, I should like to have this bill explained.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. TABER. Mr. Speaker, reserving the right to object, is this the tin bill?

Mr. FADDIS. It is the tin bill.

Mr. TABER. Mr. Speaker, I objected once before to the consideration of this bill. I object.

RIO GRANDE CANALIZATION PROJECT

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3085) authorizing construction, operation, and maintenance of Rio Grande canalization project and authorizing appropriation for that purpose.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New Mexico?

Mr. SNELL. Mr. Speaker, reserving the right to object, I should like to have this bill explained, and I want to know how much it is going to cost.

Mr. DEMPSEY. Mr. Speaker, this bill is to permit the State Department to carry out an international agreement. In about 1906 the Federal Government of the United States saved about $30,000,000 as the result of entering into an agreement with Old Mexico, which agreement provided that we furnish Old Mexico with 60,000 acre-feet of water a year. The dam which is located in Old Mexico is such they cannot measure the water. The people of New Mexico and southern Texas are denied water now, as set out in the report by the Secretary of State, and it is impossible for him to comply with this international agreement without this construction.

This bill has passed the Senate. It has been reported unanimously by the Committee on Foreign Affairs and the gentlemen on that side of the aisle, who are members of the committee and are familiar with this matter, are in favor of it. Unless the work is performed it is going to cost this Government many millions of dollars.

Mr. SNELL. What will it cost if we carry it out as agreed in the international agreement?

Mr. DEMPSEY. One million and two hundred thousand dollars.

Mr. SNELL. It is necessary to carry out the agreement with Mexico?

Mr. DEMPSEY. Yes.

Mr. THOMASON. This bill has the approval, not only of the State Department, but of the International Boundary Commission in connection with the carrying out of an international treaty with Mexico.

Mr. DEMPSEY. The gentleman is correct, and it also has the approval of the Director of the Budget.

Mr. TABER. How did it come that a treaty was made in 1906, and there has been no suggestion of an appropriation in all this time?

Mr. DEMPSEY. I may say to the gentleman from New York that they have been carrying it out since that time, but this reservoir has filled with silt, as is set forth in the report, and it is impossible to carry out the agreement any further without some construction work being done.

Mr. TABER. Do they need as much as $1,200,000?

Mr. DEMPSEY. Yes; then we will have a permanent job and can carry out the agreement with Old Mexico.

Mr. JENKINS of Ohio. How does it come that the gentleman has not brought this matter up earlier in the session?

Mr. DEMPSEY. We brought this matter up earlier in the session. A bill was passed unanimously providing for a survey. We voted an appropriation of $60,000 in order to survey this work.

The survey has been made and the State Department now comes to you and asks you to permit them to do this construction work.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. DEMPSEY. I yield.

Mr. JENKINS of Ohio. What will result if you let this go over until January?

Mr. DEMPSEY. We cannot tell. We might have international trouble on this border.

Mr. THOMASON. This is just an authorization.

Mr. DEMPSEY. That is all.

Mr. RICH. Was there any committee of the House that considered this bill?

Mr. DEMPSEY. Yes; the Committee on Foreign Affairs of the House, of which the gentleman from Massachusetts, Mr. MARTIN, is the ranking minority Member, and he is very familiar with it.

Mr. RICH. If this Senate bill involves the construction of this work on a river why would it not go to the Committee on Rivers and Harbors?

Mr. DEMPSEY. This is an international matter.

Mr. RICH. Why was it not brought up before the Committee on Flood Control?

Mr. DEMPSEY. Oh, it is not that kind of a bill. This is an international matter and one that must be considered by the Committee on Foreign Affairs.

Mr. RICH. Why did the gentleman wait until the last minute to bring in this bill?

Mr. DEMPSEY. This bill was pending in the Senate and I have been trying to get the floor for some time to get it up.

Mr. RICH. The gentleman did not have to wait until the Senate acted in order to get action here on his bill.

Mr. DEMPSEY. We had to wait until the report came back as a result of the survey that was made.

Mr. RICH. It will only be 4 months until Congress reconvenes, and, as I understand, this is going to cost a million and a quarter dollars. Mr. Speaker, I object.

Mr. DEMPSEY. If the gentleman will reserve his objection, I may state that this does not appropriate the money but only authorizes it.

Mr. RICH. I realize that, but I object, Mr. Speaker.

Mr. DEMPSEY. Mr. Speaker, I move to suspend the rules and pass the bill (S. 3085) authorizing construction, operation, and maintenance of Rio Grande canalization project and authorizing appropriation for that purpose.

The Clerk read the bill, as follows:

Be it enacted, etc., That upon the completion of the engineering investigation, study, and report to the Secretary of State, as heretofore authorized by Public Resolution No. 4, Seventy-fourth Congress, approved February 13, 1935, the Secretary of State, acting through the American Section, International Boundary Commission, United States and Mexico, in order to facilitate compliance with the convention between the United States and Mexico concluded May 21, 1906, providing for the equitable division of the waters of the Rio Grande, and to properly regulate and control, to the fullest extent possible, the water supply for use in the two countries as provided by treaty, is authorized to construct, operate, and maintain, in substantial accordance with the engineering plan contained in said report, a diversion dam in the Rio Grande wholly in the United States, with appurtenant connections to existing irrigation systems, and to acquire by donation, condemnation, or purchase such real and personal property as may be necessary therefor.

SEC. 2. There is authorized to be appropriated the sum of $1,000,000 for the purposes of carrying out the provisions of section 1 hereof, other than for operation and maintenance, including salaries and wages, fees for professional services; rents, travel expenses; per diem in lieu of actual subsistence; printing and binding, law books, and books of reference: *Provided*, That the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) shall not apply to any purchase made or service procured when the aggregate amount involved is $100 or less; purchase, exchange, maintenance, repair, and operation of motor-propelled passenger- and freight-carrying vehicles; hire with or without personal services, of work animals and animal-drawn and motor-propelled vehicles and equipment; acquisition by donation, condemnation, or purchase of real and personal property; transportation (including drayage) of personal effects of employees upon change of station; telephone, telegraphic, and air mail communications; rubber boots for official use by employees; ice; equipment, services, supplies, and materials, and other such miscellaneous expenses as the Secretary of State may deem necessary properly to carry out the provisions of the act: *Provided*, That any part of any appropriation made hereunder may be transferred to, for direct expenditure by, the Department of the Interior pursuant to such arrangements therefor as may be from time to time effected between the Secretary of State and the Secretary of the Interior, or as directed by the President of the United States.

The SPEAKER. Is a second demanded?

Mr. RICH. Mr. Speaker, I demand a second.

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

The SPEAKER. The gentleman from New Mexico is recognized for 20 minutes and the gentleman from Pennsylvania for 20 minutes.

Mr. DEMPSEY. Mr. Speaker, this bill was introduced at the request of the State Department and the purpose of it is to settle a claim of Old Mexico against the Government of the United States.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. DEMPSEY. I yield.

Mr. JENKINS of Ohio. The gentleman makes the statement that this bill was introduced at the request of the State Department.

Mr. DEMPSEY. Yes.

Mr. JENKINS of Ohio. I should think if the gentleman would impress the point that the State Department is insisting upon this measure, he would have no trouble with his bill. What has the gentleman to show that the bill was introduced at the request of the State Department?

Mr. DEMPSEY. I have a letter from Commissioner Lawson of the International Boundary Commission, who has been on that Commission for 25 or 30 years, which is a part of the report.

Mr. JENKINS of Ohio. But that is not the State Department.

Mr. DEMPSEY. His report is submitted by Secretary Hull.

Mr. JENKINS of Ohio. What is the date of the letter from Secretary Hull?

Mr. DEMPSEY. The gentleman from Texas [Mr. THOMASON] has the letter.

Mr. THOMASON. August 9, 1935.

Mr. JENKINS of Ohio. I should think as popular as Secretary Hull is in this House, if he wants something done, the House would be mighty apt to do it for him.

Mr. RICH. Mr. Speaker, this measure has been recommended, I am informed, by the State Department. I do not know any department of this Government that has not recommended the expenditure of large sums of money. It seems as if any Member of this House who speaks on behalf of the conservation of funds finds himself very much alone. That is the position I find myself in. There are only a few people in this House who are trying to conserve the resources of this country. I may say I am mighty glad I am one of them. There are not many people here who are trying to help me to conserve the funds of this country. Why is that the case? Once in a while I hear some Member get up and say that he thinks we have gone far enough in spending. I was taught when I was a boy that if you saved the pennies the dollars would take care of themselves. It is not how much you make, but how much you save that spells success. We are talking here on a bill involving a million and a quarter dollars.

Where are you going to get the money? To me a million and a quarter dollars is a great, great mountain of money. I just wish you all had a million and a quarter and then you might be able to give me some of it and then we would all have a good time and be happy.

We talked a few moments ago about building the face of Washington as high as the Capitol Dome. The Membership of this House is building a debt so high that I am afraid it is going to wreck this country. Higher than the Washington Monument.

Mr. BURDICK. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield to my colleague.

Mr. BURDICK. Does not the gentleman realize he is helping to build up this expense by his extensive remarks in the CONGRESSIONAL RECORD?

Mr. RICH. If the amount that Congress spent on the CONGRESSIONAL RECORD was a criterion of the expense of this Nation as represented by this Congress, I would never say another word in the House of Representatives.

It is about time that some of you men who come from some of the States that do a lot of talking about spending but never raise any money to pay the bills and are always here with your hands out, grabbing and trying to get something for nothing—if you would give a little bit of attention as to whether you are wrecking the country or trying to do something for it, it would be a fine thing to do. This is a serious question. Where will you get the money? There is nobody in the whole House that I have higher regard for than I have for the gentleman from New Mexico [Mr. DEMPSEY], but that is not the question. The question is, What are you going to do to preserve this Nation? I have heard it said on the floor of the House so many times that it is not going to cost anything. Naturally, the men who make that statement know full well that if they can get an appropriation it will cost something, and in this particular instance it is a million and a quarter dollars.

Therefore the statement that it does not cost anything is an erroneous statement. If we want to try to preserve this Nation, the statement that when we get an appropriation it is not going to cost anything is a foolish statement. I do not want to try to make the point that we can still continue to make appropriations if we do not intend to get the money, but everyone that asks an appropriation for money expects to get the money. Where are you going to get it? That is the question. If I can utilize all the time that is at my command, and that is probably only for an hour or two, if I can save three or four or a half dozen or more bills from coming up here and save five or six or seven million dollars, then I have paid for the CONGRESSIONAL RECORD for this session of Congress several times over.

You are going to be requested in a short time by the Chairman of the Committee on Printing to make some changes in the expenditure of funds for printing next year. If you adopt those changes, you will then save money on the appropriation for printing at the next session of Congress. If you are able to do that, and if you are able to stop now the appropriation of additional money, we may then feel that we are trying to do something constructively.

Mr. GREEVER. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes.

Mr. GREEVER. Does the gentleman realize that if this dam is not constructed, if this appropriation is not made, the United States and its citizens stand to lose 120,000 acre-feet of water per year?

Mr. RICH. Let the gentleman explain that. How are we going to lose 120,000 acre-feet of water a year?

Mr. GREEVER. Because at the present time it is being diverted to Mexican lands.

Mr. RICH. If you build this dam, and if you take this 120,000 acre-feet of water away from Mexico, then you will probably have a war with Mexico, and it will cost, instead of a million and a quarter dollars, probably thirty or forty or fifty or a hundred million dollars.

Mr. GREEVER. But this is carrying out the terms of an agreement.

Mr. RICH. When was that agreement consummated?

Mr. GREEVER. In 1906.

Mr. RICH. Is the American Government permitted to take that water away from Mexico?

Mr. GREEVER. We are not taking it away from Mexico. They are appropriating it for the use of their own citizens.

Mr. RICH. What would Mexico have to say if you took the water away from them now?

Mr. GREEVER. I do not know; I cannot speak for them.

Mr. RICH. Does the gentleman think we ought to do something that will cause a disruption in the friendly relations between Mexico and the United States?

Mr. GREEVER. I think we ought to carry out our agreement and save the waters of the United States for the people of the United States.

Mr. RICH. I am glad the gentleman has that thought in mind, because I have come to the conclusion that when we are making reciprocal-trade agreements and trying to take care of foreign countries to the detriment of our own people, we are doing something contrary to the best interests of the American people. I think all of you men who have not signed the petition on the Speaker's desk, to bring that bill up before the House, should do so at this time. That is something that is very necessary to the welfare of the American people. Have you signed that petition? If not, do so at once, bring the bill up, stop these reciprocal-trade agreements, and save American markets for American labor, for American farmers, and American manufacturers.

I congratulate the gentleman. I am glad the gentleman is trying the conserve these resources for the American people.

Mr. McFARLANE. Will the gentleman yield?

Mr. RICH. I yield.

Mr. McFARLANE. Has the gentleman signed the petition for the Frazier-Lemke farm-refinancing bill?

Mr. RICH. No.

Mr. McFARLANE. I commend it to the gentleman. I hope he will sign it before this Congress adjourns.

Mr. RICH. I am not an inflationist. If I wanted to start the printing presses of this country I would do just what you fellows are doing on the Democratic side of the House. I would squander every dollar that the American people could get hold of, and if I would do that, I would do more detriment to America than has ever been done in the history of this Nation. I would not be a party to starting the printing presses. This, I will not do.

Mr. HOEPPEL. Will the gentleman yield?

Mr. RICH. I yield.

Mr. HOEPPEL. The gentleman, in my opinion, is expounding some sound philosophy. When we return home most of us will find that the ideas which the gentleman is expressing are the same ideas which our own constituents concur in. I should like to state that recently there was a bond issue in California which was turned down in my district at a ratio of 10 to 1.

Mr. McLEAN. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. McLEAN. The matter under discussion is the building of a dam on the Rio Grande and the gentlemen are now discussing bond issues in California.

Mr. RICH. I would like to be heard on the point of order.

The SPEAKER. The Chair sustains the point of order, if the gentleman from New Jersey was correct in his statement. [Laughter.]

Mr. RICH. I do not want this taken out of my time, Mr. Speaker. [Laughter.] The gentleman from New Jersey said we were not talking on the bill when we talked about raising money. That is just the reason I am talking now. I am talking to save money—the taxpayers' money. They want to spend a million and a quarter dollars to build a dam down there on the Rio Grande, a great, wide river that is a great deal like many other rivers of this country that we are damming, it is dry a big part of the year. Now they want to build a dam down there so that they will have some water and take it away from Mexico.

Mr. DEMPSEY. Will the gentleman yield?

Mr. RICH. I yield.

Mr. DEMPSEY. Is not the gentleman in favor of carrying out an international agreement?

Mr. RICH. I think that all contracts that are made between nations ought to be religiously carried out, but I think that when this Government of the United States and the present Democratic administration did what they did last year in abrogating many of the air mail contracts which were made, and when the Democratic Party repudiated the gold clause in all contracts, prohibiting the Government from paying out to people money which on its own promise it had to pay in gold, then I think we as a Nation did one of the most damnable things that any nation has ever done in the history of the world, especially giving foreign countries a just cause to repudiate their debts to us. What fools ye mortals be.

Mr. DONDERO. Will the gentleman yield for a question?

Mr. RICH. I yield to the gentleman from Michigan.

Mr. DONDERO. Will the genrtleman state whether there are any power projects in connection with this dam?

Mr. RICH. If there is any power, so that we would be putting any utilities out of business, then I would certainly have to oppose the project, because I am against the Government in business. I want to say that the Tennessee Valley Authority which you Democrats authorized down South, is going to be the biggest millstone that was ever hung around the necks of the people of this Nation. It will cost this Nation $2,000,000,000. It is socialistic, communistic, and Russianistic.

Millions and hundreds of millions of dollars are being spent in the southeastern part of this country to put the local people out of business, and it is a disgrace and a crime.

Mr. McFARLANE. Did the gentleman vote for the tax bill today?

Mr. RICH. Yes; I voted for the tax bill. The gentleman thought I did not, did he not?

Mr. McFARLANE. I thought he did not.

Mr. RICH. That is an iniquitous tax bill, but I am trying to balance the Budget. I have tried to help you Democrats, but you are so fast in your expenditures and so short in your income that you will bankrupt this Nation.

Mr. McFARLANE. What kind of a tax bill would the gentleman advocate?

Mr. RICH. Now, I am trying to stop you spending money. If I could do that, then I have accomplished a great good.

Mr. McFARLANE. What kind of a tax bill would the gentleman have written?

Mr. RICH. I would have had it 10 times as big as it is, so that I could awaken the people back home. If I could awaken the people back home, believe me, the gentleman from Texas would not come back here again, and very few Democrats at the next Congress. [Laughter and applause.]

Mr. McFARLANE. Will the gentleman tell us whether he favors a sales tax?

Mr. RICH. We will have to come to a sales tax shortly or some other form of taxation to balance the Budget and save our Nation.

Mr. McFARLANE. I thought so.

Mr. RICH. Or else we will never balance the Budget.

Mr. EKWALL. Will the gentleman yield?

Mr. RICH. Yes; I yield to my colleague from Oregon.

Mr. EKWALL. We give up. What is it the gentleman wants? [Laughter and applause.]

Mr. RICH. Stop spending, stop spending. Can not you fellows understand English?

I want to answer the gentleman from Oregon.

The SPEAKER. The gentleman will proceed.

Mr. RICH. I want to say to the gentleman from Oregon that I am trying to utilize a little time because it is only 1 hour and 50 minutes to Sunday. When Sunday comes we shall have to adjourn sine die; and I hope we do, because all you are doing now is spending money, and if I can utilize all of this time you cannot spend money during that time, and, therefore, I am saving this country, so the gentleman possibly can be returned to another Congress by his people back in Oregon.

[Here the gavel fell.]

The SPEAKER. The question is, Shall the rules be suspended and the bill be passed?

The question was taken.

Two-thirds having voted in favor thereof the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

A similar House bill (H. R. 8692) was laid on the table.

ADDITIONAL JUDGESHIPS SOUTHERN DISTRICT OF NEW YORK

Mr. DUFFEY of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 3389, to provide for the appointment of two additional judges for the southern district of New York.

The Clerk read the title of the bill.

Mr. YOUNG. Mr. Speaker, reserving the right to object, I understand this bill creates two additional Federal judges for the southern district of New York. Is that correct?

Mr. DUFFY of New York. The gentleman is correct.

Mr. DONDERO. Mr. Speaker, reserving the right to object, to ask a question, are these two judges in addition to the judges provided in the bill passed by the House recently?

Mr. DUFFY of New York. They are.

Mr. YOUNG. Does not the gentleman know that United States district judges, as a class, are a group of tyrants and dictators instead of a group of public servants; and that they are not responsible to the people of the country and many of them usurp their judicial authority?

Mr. DUFFY of New York. That has not been my experience, answering the gentleman from Ohio.

Mr. YOUNG. Will the gentleman explain the necessity for these additional judgeships in this particular district?

Mr. DUFFY of New York. The appointment of these judges has been recommended by the Judicial Conference, presided over by the Chief Justice of the Supreme Court. It has been recommended by two Judicial Conferences. The Judiciary Committee of the House, further, conducted a hearing on a similar bill which was reported out of the House Judiciary Committee on March 6; and after listening to Judge Knox and Martin Conboy, United States attorney for the southern district of New York, there was no question in the opinion of the Judiciary Committee that this bill should be recommended and passed.

Mr. Conboy testified that criminal cases in the southern district of New York are 4 years in arrears. It takes 3 years to get an admiralty case to trial, and civil cases are, on the average, 2 years behind the docket; and the United States is a party to one-third of the cases, so there is quite a charge on the public revenue through delay in bringing these cases to issue.

Mr. YOUNG. Will the gentleman tell us how many additional Federal judgeships have been created to date by this Congress?

Mr. DUFFY of New York. I do not know.

Mr. YOUNG. We recently created a group of additional judges, did we not?

Mr. DUFFY of New York. We did.

Mr. YOUNG. Why is it these two additional judgeships were not created at that time?

Mr. McFARLANE. Mr. Speaker, reserving the right to object, this bill, as I understand it, provides two additional Federal district judges for the southern district of New York.

Mr. DUFFY of New York. That is correct.

Mr. McFARLANE. On yesterday a bill was considered creating an additional district judgeship for the eastern district, New York City, in Brooklyn. I was informed by two of the gentlemen from New York that the President was back of that bill. I find from the Department of Justice and others that the President was not back of that bill.

Now they come in and ask the passage of this bill creating two additional judgeships. I telephoned the White House trying to get the President's position on this bill. More than 3 hours have elapsed, but he has not seen fit to answer two telephone calls I have made to the White House. [Laughter.] I just want to call the gentleman's attention to this: In 1933 there were one hundred and thirty-five-thousand-and-odd cases filed in the Federal district courts of the country and 138,000 disposed of. Last year only 70,000 cases were filed in the district courts of the Nation and 90,000 cases were disposed of.

If we could get these golf-playing Federal district judges back on the bench where they belong, stop their vacations, put them back to work as they should be, we would not need to create these additional Federal judgeships. Oh, I know it is said these are nice juicy plums, and they are; but that does not justify the creation of so many additional judgeships, each at a cost of more than $70,000 a year.

Under the circumstances I shall be forced to object.

Mr. SUMNERS of Texas. Mr. Speaker, will the gentleman reserve his objection?

Mr. McFARLANE. I will reserve my objection, but I have got to have a lot better reasons than those so far advanced for me not to press my objection.

Mr. GREEN. Reserving the right to object, Mr. Speaker, and it is not my purpose to object, it seems to me it would be more appropriate for us to divest the American people of some of the tyrannical corrupt Federal judges than to create more Federal judgeships. We have one in the State of Florida who, as shown by evidence before the committee, has been tyrannical. We want him impeached.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. McFARLANE. Mr. Speaker, I object.

The SPEAKER. Is there objection?

Mr. McFARLANE. I object.

MILITARY ORDER OF THE PURPLE HEART

Mr. STACK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2324) to incorporate The Military Order of the Purple Heart.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. SNELL. Mr. Speaker, reserving the right to object, I want to know what this bill is all about. I want to have it read.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the following-named persons, to wit: Howard J. Lepper, New Jersey; George L. Apgar, New Jersey; D. Brandon Bernstein, California; Edgar N. Bloomer, New Jersey; William J. Burke, Connecticut; Charles A. Carlson, California; Rev. Michael J. Corr, New Jersey; Fred Cudmore, New York; Raymond L. Cunneff, Pennsylvania; Frank Cushner, Connecticut; George L. Edmonds, Pennsylvania; Joseph Godley, Michigan; L. E. Henry, Maryland; Kimon Karelis, Minnesota; Israel Kaufman, District of Columbia; F. K. Kennedy, Pennsylvania; John R. Lagana, Missouri; Carey D. Mitchell, Missouri; Ludwig J. Nachtmann, Pennsylvania; Harry T. O'Connell, New York; A. S. Odin, Michigan; Robert G. Patton, California; James Pistorio, District of Columbia; James T. Potter, Massachusetts; Maurice E. Romm, Connecticut; Frank A. Schrepfer, Pennsylvania; Harry A. Seigall,

Connecticut; Walter C. Stamm, Minnesota; Fred H. Surry, Washington; T. M. Thompson, Minnesota; Clyde E. Winterton, New Jersey; Carl Wirching, California; and such other persons as may be chosen who are holders of the Purple Heart Medal, awarded by the War Department under General Orders, No. 3, dated February 22, 1932, duly chosen, are hereby incorporated and declared to be a body corporate. The name of this corporation shall be "The Military Order of the Purple Heart."

SEC. 2. The said persons named in section 1, and such other persons as may be selected from among those who have been awarded the Purple Heart Medal by the War Department, may complete the organization of said corporation by the selection of officers, the adoption of a constitution and bylaws, and do all other things necessary to carry into effect the provisions of this act, and at any meeting for that purpose any person duly accredited as a delegate from any chapter or State department, known as "The Military Order of the Purple Heart", shall be permitted to participate in the proceedings thereof.

SEC. 3. That the purpose or object of this corporation shall be patriotic, fraternal, historical, and educational;

To preserve and strengthen comradeship among its members;

To assist worthy comrades;

To perpetuate the memory and history of our dead;

To maintain true allegiance to the Government of the United States of America and fidelity to its Constitution and laws.

SEC. 4. That the corporation created by this act shall have the following powers:

Perpetual succession with power to sue and be sued in courts of law and equity;

To receive, hold, own, use, and dispose of real estate and personal property as shall be necessary for its corporate purposes, including the right to mortgage, encumber, or exchange said real estate or personal property;

To adopt a corporate seal, and change the same at pleasure;

To adopt a constitution, bylaws, and regulations, to carry out its purposes, not inconsistent with the laws of the United States, or any State, or of the District of Columbia;

To adopt for the purposes of the corporation emblems and badges;

To establish State, District, and Territorial organizations and units or chapters; and

To publish a magazine, or other publications, and generally to do any and all such acts and things as may be necessary in carrying into effect the purposes of the corporation.

SEC. 5. That the organization shall be nonpolitical and as an organization shall not promote the candidacy of any person seeking public office.

SEC. 6. That the said corporation and its State, District, Territorial, or local units, or chapters, shall have the sole and exclusive right to have and to use in carrying out its purposes the name of "The Military Order of the Purple Heart."

SEC. 7. That the said corporation shall, on or before the 1st day of January in each year, make and transmit to the Congress a report of its proceedings for the preceding calendar year, including a full and complete report of its receipts and expenditures.

SEC. 8. That as a condition precedent to the exercise in any State of any power or privilege herein granted or conferred, The Military Order of the Purple Heart shall file in the office of the secretary of state of such State the name and post-office address of an authorized agent in such State upon whom legal process against The Military Order of the Purple Heart may be served.

SEC. 9. That the right to alter, amend, or repeal this act at any time is hereby expressly reserved.

Mr. SNELL. Mr. Speaker, I should like to have the gentleman explain the bill.

Mr. MICHENER. Will the gentleman yield?

Mr. STACK. I yield to the gentleman from Michigan.

Mr. MICHENER. As a matter of fact, this is another Federal incorporation. Is it not true that the Judiciary Committee of the House has had so many applications for Federal charters that the committee has found it necessary to refuse to grant Federal charters except in certain cases? This bill was before the Judiciary Committee this year and was considered. There are pending other applications for Federal charters. The Congress must understand that if we are going to grant Federal charters under these circumstances we must grant them to everybody or else we are going to have trouble. Where are we going to draw the line? I do not believe this is the place to violate a principle established by the committee of which my good friend the gentleman from Massachusetts [Mr. HEALEY], now on his feet, is one.

Mr. HEALEY. Will the gentleman yield?

Mr. STACK. I yield to the gentleman from Massachusetts.

Mr. HEALEY. As a matter of fact, we broke the precedent by authorizing a group of people to be incorporated this year.

Mr. MICHENER. The gentleman is correct. That is just what I say, a certain group came before our committee. They wanted the National Theater incorporated because certain people insisted on it. They persuaded some of the new members of the committee, who were sincere in what they were doing, to grant the request, and they have been regretting it ever since. This is the second step. Just so sure as you grant this charter you are going to have a flood of applications. We must meet the issue sometime. Let us meet it now.

Mr. CONNERY. Will the gentleman yield?

Mr. STACK. I yield to the gentleman from Massachusetts.

Mr. CONNERY. Mr. Speaker, the gentleman from New York [Mr. SNELL] made a wonderful speech here 2 days ago in reference to Will Rogers not being buried in Arlington Cemetery because he was not a veteran. This applies to veterans who were decorated by their country for valor. They would be excepted. They are not these other associations to which reference has been made.

Mr. STACK. Mr. Speaker, no one can be a member of the Purple Heart unless he or she bled for his or her country. All I am asking is that we get the same privilege—and I am a Purple Heart man myself—that the Legion and the V. F. W. got.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. MICHENER. Is this a House bill or Senate bill?

Mr. STACK. It is a Senate bill.

Mr. MICHENER. It has not been before the committee.

Mr. STACK. They are not questioning it now. I talked to the chairman and he has not objected.

The regular order was demanded.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. MICHENER. Mr. Speaker, reserving the right to object, if the Chairman wants to put this bill through, I am not going to object.

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, I should like to hear what the Chairman of the Judiciary Committee has to say.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, I should like to hear from the Chairman of the Judiciary Committee. I challenge the statement that the Judiciary Committee has favorably passed upon this bill.

Mr. STACK. I did not make that statement. I said the Chairman and some of the Members were favorably inclined toward it.

Mr. SUMNERS of Texas. Mr. Speaker, if it is desired, I will make a statement, although I do not see how I got in on this. The gentleman from Michigan [Mr. MICHENER] stated what has been the situation in the Judiciary Committee of the House. It is true that the rule that was established by that committee was violated, although that is not quite the correct word. An exception was made with reference to the incorporation mentioned by the gentleman from Michigan [Mr. MICHENER].

This is a bill which passed the Senate. There is a great sentiment associated with the advocacy of this bill. It is true that we incorporated the American Legion and probably one or two similar organizations. The committee did not agree to report the bill favorably. The Committee on the Judiciary have no responsibility for this bill because they did not report it. I do not feel called upon as an individual Member of the House to do more than make the statement which I have just made. I am not going to object to the bill as an individual Member of the House.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. STACK]?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

APPOINTMENT OF ADDITIONAL JUDGES FOR THE SOUTHERN DISTRICT OF NEW YORK

Mr. DUFFY of New York. Mr. Speaker, I again ask unanimous consent for the immediate consideration of the bill (S. 3389) to provide for the appointment of two additional judges for the southern district of New York.

The Clerk read the title of the bill.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I should like to ask if this is the same bill to which the gentleman from Texas objected so vociferously a short while ago.

Mr. DUFFY of New York. It is the same bill.

Mr. JENKINS of Ohio. Will the gentleman tell us why the gentleman from Texas has withdrawn his objection.

Mr. DUFFY of New York. There was a misunderstanding.

Mr. McFARLANE. Mr. Speaker, reserving the right to object, I want someone to tell me whether or not the President wants this legislation.

Mr. SUMNERS of Texas. I have been trying to make an explanation about that.

Mr. DUFFY of New York. Mr. Speaker, I yield to the Chairman of the Judiciary Committee.

Mr. McFARLANE. Does the President want this bill passed?

Mr. SUMNERS of Texas. I do not betray any confidence when I say the President has asked me two or three times if I could not be instrumental in helping to relieve the congested situation in the southern district of New York.

Mr. McFARLANE. Then why did we not get this bill up ahead of all these other bills that have been passed?

Mr. SUMNERS of Texas. Wait a moment and do not ask me too many questions at one time. He referred to these two judgeships. What is the other question of the gentleman?

Mr. McFARLANE. The question is, Why did we not bring in this bill ahead of all these other judgeships that we have passed.

Mr. SUMNERS of Texas. I cannot answer that question. Sometimes the most important legislation is late arriving.

This district, as my friend from Texas knows, has perhaps the heaviest litigation and the most important litigation of any district in the United States. The relative number of cases, our investigation discloses, does not fairly indicate the volume of business.

Mr. McFARLANE. On the basis of the gentleman's statement, I withdraw my reservation of objection.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. RICH. The gentleman from Texas wants to know if this is a bill that the President has sponsored. I want to say to the Democrats that if this is a bill that the President sponsors our President is a socialistic President; if you will look at the things he is doing in carrying out a socialistic platform and if you want to sustain the Democratic Party, you ought to turn from him and support the Democratic platform, as you promised the American people you would do when you adopted the Democratic platform and you were all elected on its strength. Now, why are you following the Socialist platform and not the Democratic platform?

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. MORITZ. I object, Mr. Speaker.

THE NATIONAL YEOMEN F.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1687) to incorporate the National Yeomen F.

The SPEAKER. The Chair will state to the House that it has not been his intention to recognize Members to call up Senate bills unless a House committee, to which a similar bill has been referred, has reported the bill and the same is on the calendar. The Chair is perfectly willing to recognize requests of this kind, but the Chair does feel that the Members who have Senate bills with similar House bills on the calendar recommended by the committee should have preference.

The Chair will therefore ask the gentleman from Massachusetts to withhold his request.

Mr. CONNERY. I withhold it, Mr. Speaker.

STILL FURTHER MESSAGE FROM THE SENATE

A still further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate requests the House to return to the Senate the concurrent resolution (H. Con. Res. 38) providing for the sine die adjournment of the first session of the Seventy-fourth Congress.

The message also announced that the Senate recedes from its amendment numbered 3 to the bill (H. R. 6776) entitled "An act to amend the Emergency Farm Mortgage Act of 1933, as amended, and for other purposes."

INLAND WATERWAYS CORPORATION ACT

Mr. LEA of California. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1994) to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended.

The SPEAKER. Has this bill been reported by the committee?

Mr. LEA of California. It has.

The Clerk read the title of the Senate bill.

Mr. TABER. Mr. Speaker, reserving the right to object, will the gentleman explain this bill and tell us what it does and what committee reported it?

Mr. LEA of California. Mr. Speaker, the House Interstate and Foreign Commerce Committee reported this bill unanimously. Its enactment would permit an application to be made to the Interstate Commerce Commission to establish joint freight rates between water and rail carriers on the Sacramento, San Joaquin, and Savannah Rivers.

Mr. TABER. Do they do this at other places?

Mr. LEA of California. Yes; there are a number of other places where this law is already in effect.

Mr. BLAND. Mr. Speaker, will the gentleman yield?

Mr. LEA of California. Yes.

Mr. BLAND. Does this bill apply only to these particular rivers?

Mr. LEA of California. That is all.

There being no objection, the clerk read the Senate bill as follows:

Be it enacted, etc., That subdivision (e) of section 3 of the act entitled "An act to create the Inland Waterways Corporation for the purpose of carrying out the mandate and purpose of Congress as expressed in sections 201 and 500 of the Transportation Act, and for other purposes", approved June 3, 1924, as amended, is amended by striking out the words "or Snake Rivers", and inserting in lieu thereof "Snake, Sacramento, or San Joaquin Rivers."

With the following committee amendment:

Page 1, line 10, strike out "or San Joaquin Rivers" and insert "San Joaquin, or Savannah Rivers."

The committee amendment was agreed to.

Mr. RANKIN. Mr. Speaker, I rise to a question of the privilege of the House and offer a resolution which I send to the Clerk's desk.

The Clerk read as follows:

Mr. RANKIN offers the following resolution:

"Whereas the Chairman of the Committee on Appropriations has announced that he will refuse to move to take from the Speaker's desk the deficiency bill (H. R. 9215) and move to concur in the Senate amendments, or to disagree to said amendments and ask for the appointment of conferees; and

"Whereas this is a matter that goes directly to the integrity of the proceedings of the House of Representatives: Therefore be it

"*Resolved*, That said bill be taken from the Speaker's desk, the Senate amendments disagreed to, a conference agreed to, and conferees appointed on the part of the House."

Mr. WOODRUM. Mr. Speaker, I rise to a point of order. I do not think the resolution is privileged and is not in order under the general rules of the House, and I make that point of order.

Mr. RANKIN. Mr. Speaker, I desire to be heard upon the point of order.

Mr. TABER. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from New York makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and eighty-three Members present, not a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 202]

Allen	Dietrich	Kelly	Pierce
Andresen	Dirksen	Kennedy, Md.	Plumley
Andrew, Mass.	Dockweiler	Kennedy, N. Y.	Reece
Andrews, N. Y.	Doutrich	Kerr	Reed, N. Y.
Arends	Drewry	Kimball	Robertson
Bacharach	Dunn, Miss.	Kleberg	Robsion, Ky.
Bacon	Eaton	Kniffin	Rogers, N. H.
Bankhead	Eicher	Kramer	Rudd
Beam	Fernandez	Lamneck	Ryan
Bell	Fish	Lee, Okla.	Schaefer
Biermann	Ford, Calif.	Lucas	Shannon
Blanton	Frey	McAndrews	Smith, Wash.
Brewster	Gambrill	McCormack	Smith, W. Va.
Brooks	Gasque	McGroarty	Snyder
Brown, Mich.	Gassaway	McLeod	Spence
Buckbee	Gifford	McMillan	Stewart
Buckley, N. Y.	Gilchrist	Maas	Stubbs
Bulwinkle	Gillette	Mansfield	Sullivan
Burch	Goldsborough	Merritt, Conn.	Sutphin
Carter	Goodwin	Miller	Sweeney
Chandler	Gray, Pa.	Mitchell, Ill.	Thurston
Claiborne	Greenway	Montague	Tinkham
Clark, Idaho	Haines	Montet	Tobey
Clark, N. C.	Hamlin	Nelson	Tolan
Cochran	Harlan	Norton	Treadway
Collins	Hart	O'Brien	Underwood
Cooper, Ohio	Hartley	Oliver	Wadsworth
Corning	Hennings	O'Malley	Walter
Cox	Higgins, Mass.	O'Neal	Welch
Crawford	Hill, Knute	Parks	Williams
Darden	Hoffman	Patton	Withrow
Dear	Hollister	Perkins	
DeRouen	Hook	Pettengill	
Dickstein	Huddleston	Peyser	

The SPEAKER. Two hundred and twenty-seven Members are present; a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The gentleman from Mississippi offers a resolution to which the gentleman from Virginia makes the point of order that it is not privileged.

Mr. WOODRUM. Mr. Speaker, I desire to be heard briefly. I submit that the resolution offered by the gentleman from Mississippi [Mr. RANKIN] is not privileged for the reason that it seeks to take from the Speaker's desk the deficiency appropriation bill, passed by the House, amended by the Senate, and messaged back to the House. Under the general rules of the House the procedure in such case would be for the Speaker to refer that bill to the Committee on Appropriations and for the Committee on Appropriations to consider the bill, have hearings if it saw fit, and report the bill back to the House with the amendments adopted by the Senate, unless the House should send the bill to conference by unanimous consent or by the adoption of a special rule.

If my understanding of the rules of the House is correct, those are the only three methods by which it can be considered. It can be referred to the Committee on Appropriations by the Speaker, which is seldom done, or by unanimous consent it can be sent to conference, in which event, of course, a motion to instruct the conferees is in order, or the Senate amendment may be concurred in by the method of a special rule. Under those circumstances, the general rules of the House making ample provision for disposition of the legislation, I submit, the resolution of the gentleman from Mississippi is not privileged in any sense of the word.

Mr. O'CONNOR. Mr. Speaker, as I recall the resolution, it says something about the integrity of the proceedings of the House. The fact is that the procedure in reference to this bill, with Senate amendments, is in accordance with the rules of the House and the integrity of the proceedings of the House has not been interfered with whatsoever. What the distinguished gentleman from Mississippi would like to do is to put himself in the place of the Chairman of the Committee on Appropriations in this respect. If the Chairman of the Committee on Appropriations rose and asked to send the bill to conference today, he would have to get unanimous consent. Any Member could object.

All portions of Senate messages requiring consideration in the Committee of the Whole—

And this is an appropriation bill—

and Senate bills of all kinds are referred to the appropriate standing committee under direction of the Speaker without action by the House. A House bill returned with Senate amendments involving a new matter of appropriation, whether with or without a request for a conference, is referred properly to a standing committee, and on being reported therefrom is referred directly to the Committee of the Whole.

In this stage of the proceedings it might well be that the Speaker would not refer the bill to the Committee; but while it is on the Speaker's desk, not even the Chairman of the Committee on Appropriations could take it off without unanimous consent. Any other Member can object.

That being the case, no privilege of the House has been violated; and the gentleman's resolution is not privileged.

Mr. RANKIN. Mr. Speaker, the gentleman from Virginia [Mr. WOODRUM] speaks about sending this bill to a committee. Ordinarily I submit that would be the proper procedure, but we are not only in the dying day but in the dying hour of a Congress, and this bill is of vital importance to every citizen of the United States.

The gentleman from New York [Mr. O'CONNOR] becomes confused between the integrity of the House and the integrity of the proceedings of the House. This resolution is privileged because it involves a matter that goes directly to the integrity of the proceedings of the House of Representatives. If this resolution is voted down and the Chairman of the Committee on Appropriations carries out his suggestion which was made on the floor a while ago, then the Congress of the United States is paralyzed in the dying hour on a bill that involves an appropriation for all the vast legislation which we passed since the last deficiency appropriation bill was passed.

Furthermore, Mr. Speaker, we have today involved in this bill that comes from the Senate a matter of vital importance to the farmers throughout this country, who are today suffering——

The SPEAKER. The gentleman will please confine himself to the point of order. That is what the Chair is interested in.

Mr. RANKIN. I am trying to point out to the Chair that this resolution involves a matter of the integrity of the proceedings of the House.

The SPEAKER. That is the point on which the Chair desires to hear the gentleman, and that alone, because that is the only point involved in the point of order that has been made.

Mr. RANKIN. Then the importance of the bill would not be considered. I submit that the importance of the legislation itself and the fact that we are in the dying hour of the Congress also should be considered, when it comes to trying to break a deadlock, in order to keep from paralyzing legislation that has been worked on for months.

So I submit this is the only recourse. Whenever the chairman of a committee comes into the House and says, "I refuse to ask for a conference, and I refuse to take the bill from the Speaker's desk", a bill in which every Member of the House is interested and in which the entire country is interested, there is only one recourse left to a Member of the House, and that is to rise to a question of the privileges of the House and offer a resolution to take that bill from the Speaker's table and start it on its parliamentary course. That is exactly the procedure I have followed.

I submit that my resolution is in order and that this is a matter which involves the privileges of the House and that the point of order should be overruled.

Mr. BUCHANAN. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. BUCHANAN. Does not the gentleman understand that when that bill came back from the Senate, carrying $500,000,000 more appropriation than the House bill carried, and new legislation as well, the rules provide that that bill should be referred to the Committee on Appropriations, in order that they might investigate those amendments and report on them, and not be required in 3 or 4 minutes or 3 or 4 hours to pass upon that vast amount of appro-

priation to see whether it is justified or not. Whether I choose to ask unanimous consent to take that bill from the Speaker's table is a privilege that I have, and I knew that unanimous consent would not be granted.

Mr. RANKIN. I do not agree that it is the privilege of the chairman of the committee to paralyze a bill that the Congress has passed on and that now depends upon adoption or rejection or ironing out of the amendments on the differences between the two Houses. This is a matter that involves the integrity of the House.

Mr. LEHLBACH. If the Chair desires to hear me, I will state briefly what the situation is, as I see it. The point of the gentleman from Mississippi is this: If the course of action under the rules of the House can only be taken by unanimous consent, and if that unanimous consent is sought or granted, the matter automatically becomes a question of privilege. That is so insane that there is not any sense in arguing it.

The SPEAKER. The Chair is ready to rule. The rules of the House and all of the precedents of the House provide just what should be done when a bill has been returned to the House with Senate amendments. Under the established precedents the bill must be referred to a standing committee, unless unanimous consent has been obtained to send the bill to conference, or a special rule has been reported and passed upon by the House, providing that it shall be sent to conference.

The Chair desires to call the attention of the House to section 3108 of volume IV of Hinds' Precedents, which reads as follows:

A House bill returned with Senate amendments, involving a new matter of appropriation, whether with or without a request for a conference, is referred directly to a standing committee and on being reported therefrom is referred to the Committee of the Whole.

As the Chair has stated, it was the duty of the Chair to refer this bill to the Committee on Appropriations, the standing committee having jurisdiction of it. That practice must be followed unless the chairman of the committee or some Member of the House should obtain unanimous consent that the bill be sent to conference, or a special rule is presented making disposition of the bill. In this case no request for unanimous consent was made. It is the custom of the Chair always to recognize the chairman of the committee having jurisdiction of the bill in question. Neither has a rule been presented. The Chair fails to see how the integrity of the House proceeding has been violated in this particular instance. The Chair does not think that, under the guise of a resolution presented as a matter of privilege, involving the integrity of the House, the established rules of the House can be overturned. The Chair does not think there is a question of privilege presented by the resolution or that there was anything in the action taken with reference to this particular bill violative of the integrity of the House or its regular proceeding.

The question as to whether or not we are now in the closing hours of a Congress, the question of the importance or unimportance of these appropriations and the legislation contained in this bill, are matters with which neither the Chair nor the House, under its established rules, has anything to do at the present moment.

As the gentleman from Texas has said, there is a reason for the practice of the House in referring these bills to the standing committees where unanimous consent or a special rule to the contrary has not been obtained. It is, of course, manifestly for the purpose of giving to the committee an opportunity to examine the amendments and report back to the House its recommendation as to whether or not those amendments should be agreed to or disagreed to.

The Chair, therefore, sustains the point of order of the gentleman from Virginia.

The Chair lays before the House the following request from the Senate.

The Clerk read as follows:

Ordered, That the Secretary of the Senate be directed to request the House of Representatives to return to the Senate the concurrent resolution (H. Con. Res. No. 38), a concurrent resolution providing for the sine die adjournment of the first session of the Seventy-fourth Congress.

The SPEAKER. The question is on agreeing to the request of the Senate.

The question was taken; and on a division (demanded by Mr. SNELL and Mr. TABER) there were—ayes 127, noes 103.

Mr. SNELL. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MAPES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAPES. May I inquire of the Chair whether to grant this request of the Senate the rules must be suspended, and to agree to the motion will require a two-thirds vote?

The SPEAKER. No; the request of the Senate is laid before the House and acted upon by a majority of the House. The action taken by the House will determine what shall be done with the request.

Mr. MAPES. The Chair rules that it requires only a majority to grant the request?

The SPEAKER. It requires only a majority.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. As I understand it, the House passed a resolution to adjourn sine die. The Senate concurred in that resolution. The Senate now requests that the resolution be returned to them so that they may take action withdrawing their concurrence, and the vote "aye" is a vote to send it back to the Senate so they may take such action.

The SPEAKER. The gentleman is correct.

Mr. DOBBINS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DOBBINS. If this request of the Senate is not granted and the resolution is not returned, will the House and the Senate automatically adjourn sine die today?

The SPEAKER. The Chair will pass on that question when it arises.

The question was taken, and there were—yeas 203, nays 95, not voting 132, as follows:

[Roll No. 203]

YEAS—203

Adair	Doughton	Lanham	Rayburn
Amlie	Doxey	Larrabee	Reilly
Arnold	Driscoll	Lea, Calif.	Richards
Ayers	Driver	Lemke	Robinson, Utah
Barden	Duffey, Ohio	Lesinski	Rogers, Okla.
Beiter	Duffy, N. Y.	Lewis, Colo.	Sabath
Berlin	Duncan	Lewis, Md.	Sadowski
Binderup	Dunn, Pa.	Lloyd	Sanders, La.
Bland	Eagle	Luckey	Sandlin
Bloom	Eckert	Lundeen	Schneider
Boileau	Edmiston	McClellan	Schulte
Boland	Ellenbogen	McFarlane	Scott
Brennan	Evans	McGehee	Sears
Brown, Ga.	Faddis	McGrath	Shanley
Brunner	Ferguson	McKeough	Sirovich
Buckler, Minn.	Fiesinger	McLaughlin	Sisson
Bulkley, N. Y.	Flannagan	McReynolds	Smith, Conn.
Burdick	Ford, Miss.	McSwain	Smith, Va.
Caldwell	Fuller	Mahon	South
Cannon, Mo.	Fulmer	Martin, Colo.	Spence
Carmichael	Gavagan	Mason	Stack
Carpenter	Gehrmann	Massingale	Starnes
Cartwright	Gildea	Maverick	Steagall
Cary	Gingery	Mead	Sumners, Tex.
Casey	Granfield	Meeks	Tarver
Castellow	Gray, Ind.	Merritt, N. Y.	Taylor, Colo.
Celler	Green	Mitchell, Tenn.	Taylor, S. C.
Chapman	Greenway	Monaghan	Terry
Citron	Greenwood	Montet	Thom
Clark, N. C.	Greever	Moritz	Thomason
Coffee	Gregory	Murdock	Thompson
Colmer	Hancock, N. C.	Nichols	Tonry
Connery	Harter	O'Connell	Turner
Cooley	Healey	O'Connor	Utterback
Cooper, Tenn.	Hildebrandt	O'Day	Vinson, Ga.
Costello	Hill, Ala.	O'Leary	Vinson, Ky.
Cravens	Hill, Samuel B.	O'Neal	Wallgren
Crosby	Hobbs	Owen	Warren
Cross, Tex.	Hoeppel	Palmisano	Wearin
Crosser, Ohio	Houston	Patman	Weaver
Crowe	Imhoff	Patterson	Werner
Cullen	Jenckes, Ind.	Pearson	West
Daly	Johnson, Okla.	Peterson, Fla.	Whelchel
Dear	Johnson, Tex.	Peterson, Ga.	White
Deen	Johnson, W. Va.	Pfeifer	Wilcox
Delaney	Keller	Quinn	Wilson, La.
Dempsey	Kenney	Rabaut	Wood
Dingell	Kocialkowski	Ramsay	Woodrum
Disney	Kopplemann	Ramspeck	Zimmerman
Dobbins	Kvale	Randolph	Zioncheck
Dorsey	Lambeth	Rankin	

NAYS—95

Ashbrook	Fenerty	Lord	Sauthoff
Blackney	Fletcher	Ludlow	Schuetz
Boehne	Focht	McLean	Scrugham
Bolton	Gearhart	Maloney	Secrest
Buchanan	Goldsborough	Mapes	Seger
Buck	Griswold	Marcantonio	Snell
Burnham	Guyer	Marshall	Somers, N. Y.
Carlson	Gwynne	Martin, Mass.	Stefan
Cavicchia	Halleck	May	Taber
Christianson	Hancock, N. Y.	Michener	Taylor, Tenn.
Church	Hess	Millard	Thomas
Colden	Higgins, Conn.	Moran	Turpin
Cole, Md.	Holmes	Parsons	Umstead
Cole, N. Y.	Hope	Pettengill	Wadsworth
Crowther	Hull	Pierce	Welch
Culkin	Jenkins, Ohio	Pittenger	Whittington
Darrow	Jones	Polk	Wigglesworth
Dies	Kahn	Powers	Wilson, Pa.
Ditter	Kee	Ransley	Wolcott
Dondero	Kinzer	Reed, Ill.	Wolfenden
Ekwall	Kloeb	Rich	Wolverton
Engel	Knutson	Richardson	Woodruff
Englebright	Lambertson	Risk	Young
Farley	Lehlbach	Rogers, Mass.	

NOT VOTING—132

Allen	DeRouen	Hook	Perkins
Andresen	Dickstein	Huddleston	Peyser
Andrew, Mass.	Dietrich	Jacobsen	Plumley
Andrews, N. Y.	Dirksen	Kelly	Reece
Arends	Dockweiler	Kennedy, Md.	Reed N. Y.
Bacharach	Doutrich	Kennedy, N. Y.	Robertson
Bacon	Drewry	Kerr	Robsion, Ky.
Bankhead	Dunn, Miss.	Kimball	Rogers, N. H.
Beam	Eaton	Kleberg	Romjue
Bell	Eicher	Kniffin	Rudd
Biermann	Fernandez	Kramer	Russell
Blanton	Fish	Lamneck	Ryan
Boykin	Fitzpatrick	Lee, Okla.	Sanders, Tex.
Boylan	Ford, Calif.	Lucas	Schaefer
Brewster	Frey	McAndrews	Shannon
Brooks	Gambrill	McCormack	Short
Brown, Mich.	Gasque	McGroarty	Smith, Wash.
Buckbee	Gassaway	McLeod	Smith, W. Va.
Bulwinkle	Gifford	McMillan	Snyder
Burch	Gilchrist	Maas	Stewart
Cannon, Wis.	Gillette	Mansfield	Stubbs
Carter	Goodwin	Merritt, Conn.	Sullivan
Chandler	Gray, Pa.	Miller	Sutphin
Claiborne	Haines	Mitchell, Ill.	Sweeney
Clark, Idaho	Hamlin	Montague	Thurston
Cochran	Harlan	Mott	Tinkham
Collins	Hart	Nelson	Tobey
Cooper, Ohio	Hartley	Norton	Tolan
Corning	Hennings	O'Brien	Treadway
Cox	Higgins, Mass.	Oliver	Underwood
Crawford	Hill, Knute	O'Malley	Walter
Cummings	Hoffman	Parks	Williams
Darden	Hollister	Patton	Withrow

So the request of the Senate was agreed to.

The Clerk announced the following additional pairs:

On this vote:

Mr. Dietrich (for) with Mr. Reed of New York (against).
Mr. Fernandez (for) with Mr. Bacon (against).
Mr. Higgins of Massachusetts (for) with Mr. Andrews of New York (against).
Mr. Lee of Oklahoma (for) with Mr. Gifford (against).
Mr. Hart (for) with Mr. Treadway (against).
Mr. Hook (for) with Mr. Andresen (against).
Mr. Jacobsen (for) with Mr. Crawford (against).
Mr. Kennedy of New York (for) with Mr. Arends (against).
Mr. Gambrill (for) with Mr. Hoffman (against).
Mr. Rudd (for) with Mr. Reece (against).
Mr. Eicher (for) with Mr. McLeod (against).
Mr. Gillette (for) with Mr. Goodwin (against).
Mr. Hamlin (for) with Mr. Bacharach (against).
Mr. Romjue (for) with Mr. Maas (against).
Mr. Stubbs (for) with Mr. Tobey (against).
Mr. Haines (for) with Mr. Andrew of Massachusetts (against).
Mr. Sullivan (for) with Mr. Collins (against).
Mr. Underwood (for) with Mr. Doutrich (against).
Mr. Brooks (for) with Mr. Allen (against).
Mr. Clark of Idaho (for) with Mr. Perkins (against).
Mr. Kniffin (for) with Mr. Short (against).
Mr. Bierman (for) with Mr. Robsion of Kentucky (against).
Mr. Kennedy of Maryland (for) with Mr. Stewart (against).
Mr. Nelson (for) with Mr. Cooper (against).
Mr. Russell (for) with Mr. Dirksen (against).
Mr. Lucas (for) with Mr. Eaton (against).
Mr. Miller (for) with Mr. Merritt of Connecticut (against).

Until further notice:

Mr. Beam with Mr. Brewster.
Mr. Drewry with Mr. Fish.
Mr. Cochran with Mr. Carter.
Mr. Blanton with Mr. Gilchrist.
Mr. Hennings with Mr. Hartley.
Mr. Huddleston with Mr. Kimball.
Mr. Kleberg with Mr. Hollister.
Mr. Mansfield with Mr. Mott.
Mr. Boylan with Mr. Plumley.
Mr. McAndrews with Mr. Thurston.
Mr. McCormack with Mr. Withrow.
Mr. Burch with Mr. Tinkham.

Mr. PITTENGER changed his vote from "yea" to "nay."

Mr. BOILEAU and Mr. RANDOLPH changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. Inasmuch as the House has passed a resolution to adjourn today, if the House does not rescind its action does the House automatically adjourn before 12 o'clock midnight?

The SPEAKER. The House in agreeing to the request of the Senate has returned the concurrent resolution to the Senate, and the House must now await the action of the Senate.

Mr. RICH. Mr. Speaker, I move that the House do now adjourn sine die.

The SPEAKER. That motion is not in order.

Mr. WADSWORTH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WADSWORTH. What time is it? [Laughter.]

The SPEAKER. According to the clock it is 17 minutes of 12 o'clock midnight.

Mr. MARTIN of Massachusetts. Is that standard time or daylight-saving time?

Mr. WADSWORTH. A further parliamentary inquiry, Mr. Speaker, in reference to the mechanics of this proposition.

The SPEAKER. The gentleman will state it.

Mr. WADSWORTH. Am I correct in saying that this action of the House must be messaged to the Senate, received by the Senate, and the House notified of its reception by the Senate before 12 o'clock?

The SPEAKER. It must be received by the Senate. Then the Senate will take such action as it may desire.

Mr. WADSWORTH. Must the House then be notified as to the reception of the message by the Senate?

The SPEAKER. Not unless the Senate takes some action.

Mr. O'CONNOR. As one of the greatest speakers the State of New York ever had, the gentleman from New York was the greatest clock "turner-backer" the State ever had.

INLAND WATERWAYS CORPORATION

The SPEAKER. The question is on the third reading of the Senate bill.

Mr. SNELL. Mr. Speaker, what is the bill under consideration?

The SPEAKER. It is the bill called up by the gentleman from California [Mr. LEA], and for which unanimous consent was given for its immediate consideration.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, I am going to object to any more business being transacted by unanimous consent tonight if we are going to be here next week. We will have plenty of time then to attend to this business.

RECESS

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House stand in recess subject to the call of the Chair.

The motion was agreed to; accordingly at 11:30 o'clock p. m., the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 11:35 o'clock p. m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had ordered that the secretary be directed to inform the House of Representatives that the Senate has rescinded its former action to

recall from the House, House Concurrent Resolution No. 38, providing for the sine die adjournment of the first session of the Seventy-fourth Congress.

Mr. JENKINS of Ohio. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. JENKINS of Ohio. Would it be in order to request that the message received from the Senate be again read?

The SPEAKER. The Clerk will read the message.

The Clerk read as follows:

Ordered, That the Secretary be directed to inform the House of Representatives that the Senate has rescinded its former action to recall from the House House Concurrent Resolution No. 38, providing for the sine die adjournment of the first session of the Seventy-fourth Congress.

Mr. WADSWORTH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WADSWORTH. Mr. Speaker, in view of the fact the Senate has informed the House that it has rescinded its action in recalling from the House the adjournment concurrent resolution, what is the present situation?

The SPEAKER. The Chair has been informed that the Senate has taken a recess until Monday at 12 o'clock. The Chair will ask the House to take a recess for a reasonable time until the fact can be ascertained.

Mr. LEHLBACH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LEHLBACH. If the House in the present circumstances should now adjourn, would it adjourn sine die?

The SPEAKER. That is what we are attempting to determine.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 1874. An act to provide for the coinage of medals to be presented to Senator A. HARRY MOORE, certain officers of the New Jersey National Guard, the captains and the members of the crews of certain fishing and pleasure boats, and to others; to the Committee on Coinage, Weights and Measures.

S. 3434. An act to provide for the appointment of one additional judge for the district of Kansas; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1575. An act for the relief of John S. Cannell, deceased;

H. R. 1912. An act for the relief of William J. Ryan, chaplain, United States Army;

H. R. 3003. An act to provide for the commemoration of the two hundredth anniversary of the Battle of Ackia, Mississippi, and the establishment of the Ackia Battleground National Monument, and for other purposes;

H. R. 3109. An act for the relief of Herman W. Bensel;

H. R. 3149. An act to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to determine the claim of Mrs. L. B. Gentry;

H. R. 4567. An act for the relief of Robert E. Callen;

H. R. 4770. An act for the relief of Elinora Fareira and Mearon Perkins;

H. R. 5097. An act for the relief of Mary E. Lord;

H. R. 5521. An act for the relief of Frank Williams;

H. R. 5750. An act for the relief of Mary Brown Raley;

H. R. 6250. An act to amend the National Defense Act;

H. R. 7140. An act for the relief of the Bell Oil & Gas Co.;

H. R. 8133. An act to authorize certain homestead entrymen who are disabled World War veterans to make final proof of their entries, and for other purposes;

H. R. 8444. An act to authorize the transfer of a certain military reservation to the Department of the Interior;

H. R. 8870. An act to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce, and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes;

H. R. 8974. An act to provide revenue, equalize taxation, and for other purposes;

H. R. 9070. An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes;

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

H. J. Res. 348. Joint resolution authorizing exchange of coins and currencies and immediate payment of gold-clause securities by the United States; withdrawing the right to sue the United States thereon; limiting the use of certain appropriations; and for other purposes; and

H. J. Res. 407. Joint resolution consenting to an interstate oil compact to conserve oil and gas.

The SPEAKER announced his signature to enrolled bills and joint resolutions of the Senate of the following titles:

S. 872. An act for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims;

S. 2002. An act to provide for the establishment of load lines for American vessels in the coastwise trade, and for other purposes;

S. 2215. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture", approved January 14, 1929, as amended;

S. 2632. An act to provide for the construction of 10 vessels for the Coast Guard designed for ice-breaking and assistance work;

S. 2652. An act to authorize the President to attach certain possessions of the United States to internal-revenue collection districts for the purpose of collecting processing taxes;

S. 2796. An act to provide for control and regulation of public-utility holding companies, and for other purposes;

S. 3002. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto;

S. 3210. An act to refer the claim of the Menominee Tribe of Indians to the Court of Claims with the absolute right of appeal to the Supreme Court of the United States;

S. 3286. An act to abolish the oath required of customs and internal-revenue employees prior to the receipt of compensation, and for other purposes;

S. 3303. An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings;

S. 3327. An act to authorize the Secretary of Commerce to dispose of certain portions of Anastasia Island Lighthouse Reservation, Fla., and for other purposes;

S. 3414. An act to provide for the appointment of an additional district judge in the United States District Court for the Eastern District of New York;

S. 3446. An act relative to limitation of shipowners' liability;

S. J. Res. 9. Joint resolution authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally;

S. J. Res. 159. Joint resolution granting the consent of Congress to the States of New York, New Jersey, and Connecticut to enter into a compact for the creation of the Interstate Sanitation District and the establishment of the Interstate Sanitation Commission; and

S. J. Res. 173. Joint resolution providing for the prohibition of the export of arms, ammunition, and implements of war to belligerent countries; the prohibition of the transportation of arms, ammunition, and implements of war by vessels of the United States for the use of belligerent states;

for the registration and licensing of persons engaged in the business of manufacturing, exporting, or importing arms, ammunition, or implements of war; and restricting travel by American citizens on belligerent ships during war.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 531. An act granting compensation to Walter F. Northrop;

H. R. 921. An act for the relief of Edgar Sampson;

H. R. 996. An act for the relief of Joe Reno;

H. R. 1286. An act for the relief of James H. Bell (or James Bell);

H. R. 1871. An act for the relief of the Medical College of Virginia, and others, of Richmond, Va.;

H. R. 1965. An act for the relief of William E. Fossett;

H. R. 2325. An act for the relief of James P. Whalan;

H. R. 2620. An act for the relief of Sadie Wilkinson;

H. R. 2621. An act for the relief of Tom L. Griffith;

H. R. 2702. An act for the relief of Emanuel Lieberman;

H. R. 3003. An act to provide for the commemoration of the two hundredth anniversary of the Battle of Ackia, Mississipppi, and the establishment of the Ackia Battleground National Monument, and for other purposes;

H. R. 3408. An act for the relief of Rufus Jones, a minor;

H. R. 4226. An act for the relief of Floyd Hull;

H. R. 4324. An act to carry out certain obligations under certain tribal agreements;

H. R. 4339. An act to facilitate the control of soil erosion and/or flood damage originating upon lands within the exterior boundaries of the Uinta and Wasatch National Forests, Utah;

H. R. 4428. An act for the relief of Caroline (Stever) Dykstra;

H. R. 4570. An act for the relief of Amy McLaurin;

H. R. 4601. An act for the relief of the heirs of Gladys Picklesimer;

H. R. 4784. An act for the relief of J. T. Slayback;

H. R. 4848. An act for the relief of Charles E. Molster, disbursing clerk, Department of Commerce, and Dr. Louis H. Bauer, a former employee;

H. R. 4852. 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. 5049. An act providing punishment for forging or counterfeiting any postmarking stamp;

H. R. 5162. An act providing for punishment for attempts to obtain mail by fraud or by deception;

H. R. 5245. An act for the relief of Elizabeth Leiding;

H. R. 5351. An act for the relief of Rose Teiermeyer;

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

H. R. 5475. An act for the relief of Henry Irving Riley;

H. R. 5516. An act authorizing the President to issue a posthumous commission as second lieutenant, Air Corps Reserve, to Archie Joseph Evans, deceased, and to present the same to Maj. Argess M. Evans, father of the said Archie Joseph Evans, deceased;

H. R. 5540. An act extending the period during which no demurrage is charged on collect-on-delivery parcels and excepting the imposition of demurrage charged on collect-on-delivery parcels exchanged between the continental and island possessions;

H. R. 5558. An act for the relief of Clarence F. Jobson;

H. R. 5634. An act for the relief of the Baltimore Renovating Co.;

H. R. 5781. An act for the relief of the widow and next of kin of James J. Curran;

H. R. 5790. An act for the relief of certain creditors of J. R. and J. A. Whelan, Inc.;

H. R. 5811. An act for the relief of Michael A. McHugh;

H. R. 5905. An act for the relief of Cal Settles and Rhoda Settles;

H. R. 6057. An act for the relief of Joe Brumit;

H. R. 6168. An act for the relief of Charles K. Shade;

H. R. 6394. An act for the relief of William K. Caley;

H. R. 6889. An act for the relief of A. Zappone and W. R. Fuchs;

H. R. 6892. An act for the relief of certain Indians on the Cheyenne River Reservation;

H. R. 7076. An act for the relief of the heirs of John Schrodl;

H. R. 7137. An act for the relief of Cassie M. Lyne;

H. R. 7592. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at Sistersville, W. Va.;

H. R. 7678. An act to authorize the Director of the Mint to supplement the approved design of the 50-cent piece commemorating the two hundredth anniversary of the birth of Daniel Boone, the coinage of which was authorized by act of the Seventy-third Congress (Public, No. 258, S. 3355);

H. R. 7740. An act granting the consent of Congress to the State Highway Commission of Missouri to construct, maintain, and operate a free highway bridge across the Black River at or near the north line of section 2, township 24 north, range 6 east, near Poplar Bluff, Mo.;

H. R. 7897. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Monongahela River, at or near Elizabeth, in the county of Allegheny, Commonwealth of Pennsylvania;

H. R. 7924. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at or near Port Allegany, in the county of McKean, State of Pennsylvania;

H. R. 7928. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at or near Ford City, Pa.;

H. R. 7932. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Susquehanna River, at or near Wyalusing, in the county of Bradford, Commonwealth of Pennsylvania;

H. R. 7979. An act to extend the times for commencing and completing the construction of a bridge across Puget Sound at or near a point commonly known as "The Narrows" in the State of Washington;

H. R. 8020. An act for the relief of Jose R. Redlhammer;

H. R. 8098. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Mahoning River at or near Edinburg, in the county of Lawrence, Commonwealth of Pennsylvania;

H. R. 8131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.;

H. R. 8183. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Emlenton, in the county of Venango, Commonwealth of Pennsylvania;

H. R. 8187. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at or near Tionesta, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania;

H. R. 8189. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at or near East Brady, in the counties of Clarion and Armstrong, and in the Commonwealth of Pennsylvania;

H. R. 8345. An act authorizing the Secretary of the Navy to accept, without cost to the United States, certain lands in Duval County, State of Florida;

H. R. 8587. 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;

H. R. 8598. An act to provide for the inspection and regulation of vessels engaged in the transporation of inflammable, explosive, and like dangerous cargoes in navigable waters of the United States;

H. R. 8652. An act to levy an excise tax upon carriers and an income tax upon their employees, and for other purposes;

H. R. 8977. An act to authorize the Secretary of the Treasury to acquire a site for the erection of a post-office building at Columbus, Miss.;

H. R. 9100. An act to stabilize the bituminous coal-mining industry and promote its interstate commerce; to provide for cooperative marketing of bituminous coal; to levy a tax on bituminous coal and provide for a drawback under certain conditions; to declare the production, distribution, and use of bituminous coal to be affected with a national public interest; to conserve the bituminous coal resources of the United States; to provide for the general welfare, and for other purposes; and providing penalties;

H. R. 9116. An act to extend the provisions of veterans' laws and regulations to persons who served in Russia during the World War, and their dependents;

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

H. J. Res. 276. Joint resolution authorizing the State of Arizona to transfer to the town of Benson without cost, title to section 16, township 17 south, range 20 east, Gila and Salt River meridian, for school and park purposes;

H. J. Res. 348. Joint resolution authorizing exchange of coins and currencies and immediate payment of gold-clause securities by the United States; withdrawing the right to sue the United States thereon; limiting the use of certain appropriations; and for other purposes; and

H. J. Res. 350. Joint resolution to authorize the President to extend an invitation to the World Power Conference to hold the Third World Power Conference in the United States.

RECESS

Mr. TAYLOR of Colorado. Mr. Speaker, I move the House take a recess subject to the call of the Chair.

The motion was agreed to; accordingly at 11:40 o'clock p. m. the House stood in recess to meet at the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 11:45 p. m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had ordered that the secretary be directed to inform the House of Representatives that the Senate has reconsidered its action in agreeing to House Concurrent Resolution No. 38, providing for the sine die adjournment of the first session of the Seventy-fourth Congress.

Mr. SNELL. Mr. Speaker, I make a point of order against the message from the Senate because the Senate adjourned several minutes ago.

The SPEAKER. This is a message from the Senate and can be delivered to the House even though the Senate has adjourned. The Chair does not understand that a point of order lies against the reporting of a message from the Senate by a regularly accredited official of the Senate.

Mr. SNELL. Mr. Speaker, I make the point of order there is not a quorum present.

EXTENSION OF REMARKS

THE DEPORTATION OF ALIENS

Mr. GRISWOLD. Mr. Speaker, this resolution has as its intent the approval by Congress of a violation of the law by the Commissioner of Immigration. The resolution sets up as a statement of facts that the Department of Labor has "stayed" for 26 months the deportation of 2,600 aliens subject to deportation under the law now in force and effect, and in force and effect for all of the 26 months; 2,600 aliens that the Department of Labor knew were subject to deportation, and willfully and knowingly refrained and refused to deport.

The resolution further provides that Congress without repealing the law urge the continued violation of it by the Department of Labor. This resolution would be ludicrous if it were not so serious. We are treated tonight to the spectacle of what was intended to be a great legislative body becoming a jester's court. We are seeing here tonight the House of Representatives of the United States authorizing an officer of the Federal Government to violate his oath of office and the law of the Government whose agent he is.

The excuse is made that these are "hardship cases." We are told the law should be violated because if it is not violated men who came here illegally and remained here fraudulently will be separated from their American wives whom they married under authority of a marriage license obtained by deceiving the officer who issued it. Because they violated our law of entry they must now be allowed to remain here to compete for jobs with native-born American citizens and honest, conscientious, law-abiding foreign-born American citizens. They will endeavor to take the jobs of some of the millions of foreign-born citizens who came into the country lawfully, and took out their first papers and met all the requirements of the law.

These people are being discriminated against by the Department of Labor, and by this resolution. By this resolution you favor these 2,600 aliens who flouted the law and continue to laugh at it. You are endeavoring to penalize the foreign-born man and woman who paid for their citizenship in this country with their money and toil of weary years.

We have the most lenient laws of entry and naturalization of all the nations of the world; yet you would, by this resolution, give a prize for the violation of our lenient laws to these 2,600 aliens, and add to it a grand prize for the Department of Government that shuts its eyes to the criminal act.

Proponents of this resolution tell us that illegal entry is a crime that should be overlooked. If that were true then entry should never have been made illegal in the beginning; and most certainly those of that opinion should now present a bill to repeal the law instead of a resolution to condone its violation. This resolution does not repeal any existing law. Not a Member contends that it does. This resolution cannot, under the rules, even be sent to the Senate for action, nor submitted to the President for his approval or veto. It was never intended by its sponsors to become a law. It is a camouflage—a subterfuge. It is a shadow without substance. It is a nauseous thing that is fittingly brought before the House at a night session in the closing days of Congress. It is a thing of darkness that would not bear the scrutiny of the bright light of a reasoning day.

As a very young man and as a lawyer I learned that we must play every game by the rules. That it applies to baseball and football and government and the game of life. Laws are not just or unjust. They are merely rules to go by. We, as a people, have found that certain rules work better than other rules or no rules at all; so we adopt the rules that experience has taught us work best and call them laws. Not because they are just but because in our relations with one another we must have rules to govern our actions. All must abide by the rules or the game of government, the game of life, is a failure.

Congress, under the Constitution, is the rule-making body for our governmental game. Congress made the rule covering the entry and deportation of aliens. The rule was made long ago. The Labor Department was, and is, familiar with the rule but the Labor Department refuses to play by the rules. And this resolution asks each of us as Members of Congress in the House to commend the Department of Labor for violating the rules.

I cannot vote for it. You cannot play any game without observing the rules. I cannot vote to commend the Department for disrespect of law.

WOOD F. AXTON—AN IDEAL INDUSTRIALIST

Mr. WOODRUFF. Mr. Speaker and fellow Members of the House, I am unwilling that the session should close without there being made by me, and in this way, some expression touching the work and character of one of the most useful, most humanitarian captains of industry appearing in our country during the current generation. I refer to Wood F. Axton—popularly known as "Wood Axton", who died at his home near Louisville, in his native State of Kentucky, on the 4th of last April, aged 63 years.

RISE FROM POVERTY

In his life history and achievements he strongly exemplified the spirit which we are pleased to describe as "typically American." A poor boy, country-born, he early displayed the qualities of industry, integrity, resourcefulness, courage, and vision, which, in time, lifted him from obscurity to the heights of business success and national prominence. A recital of his early responsibilities, of his battle against the odds of poverty and limited opportunity, of his lack of educational advantages, and of his complete and enduring triumphs over all obstacles, would be of dramatic worth. I wish that time might permit the same to be made. As it is, I must content myself with the suggestion of a few illustrative details.

ESTABLISHMENT OF A GREAT BUSINESS ENTERPRISE

More than 35 years ago Wood Axton became interested in the manufacture of tobacco products; and from the most meager "shoe-string" beginnings, he built up, and until his death served as the head of, one of the largest and most successful tobacco industries of the country; that of the Axton-Fisher Tobacco Co., of Louisville. It was established and has ever been maintained as an "independent" concern; and everyone who knows the history of the tobacco business in this country, can appreciate what this means. To create and successfully operate such an enterprise, required the highest degree of courage, skill, and sagacity. Aided by his sturdy brothers, and a loyal and efficient staff which he brought to his side, he so conducted the company's affairs as to achieve success in a large way; yet throughout its long and noteworthy career, the organization has maintained the best standards of wages, working conditions, and welfare benefits for its employees. Today, in these regards, it stands as one of the Nation's models; and nowhere can there be found a more loyal, efficient army of workers than that which is employed by it.

LABOR RELATIONSHIPS

Always employing organized labor in his factories, Wood Axton never encountered labor trouble or strikes—so fair and just were his policies and methods, and so appreciative and loyal have been his employees. In fact, his attitude toward labor and his square-dealing practices had long since carried his name and that of his enterprise to every part of the Nation; and at the time of his death, because of these facts, and because also of his outspoken sentiments as regards the whole question of capital and labor, he was a national figure. By both the leadership and rank and file of labor he has long been held in the warmest affection and esteem; while, on the other hand, capital has often profited by his example.

A PIONEER MANUFACTURER

In recent years this firm—in addition to carrying on its other activities—has been a pioneer in the manufacture of the cheaper or so-called "10-cent cigarette", and in this work it has been most successful; although, more recently, processing taxes and other burdens placed on tobacco manufacturers by the farm program, and, as I consider it, an inequitable Federal tax rate, have jeopardized that success. It was characteristic of this man to declare and hold to the policy that his company—at whatever loss or cost to it—should absorb the processing taxes rather than pass them on to the consumer or take them from the grower.

THE PRINCIPLE OF LIVE AND LET LIVE

Much favorable comment developed throughout the country some time ago when Wood Axton refused to accept, at the wish of the stockholders and directors of the company, any salary in excess of $10,000 a year for his services as president and directing head of the organization. There were other stockholders besides himself to be considered, he said; and, moreover, he argued, the "take-outs" of employers in big business are usually too large, and ofttimes unconscionable; and salary increases should begin at the bottom rather than at the top. What a favorable contrast is presented by his attitude and action in this connection when they are compared with the practices of so many officials and directors of large corporations who have claimed and received huge bonuses and salaries to the serious loss and disadvantage of employees, stockholders, and the general public. This is said with due consideration of the fact that real talent and ability should be well compensated; but too often has it been the case that those receiving the largest compensations have proven themselves to be the least competent and worthy.

The business of Mr. Axton's firm has been operated on the large-volume, small-profit plan. He and his associates have believed that the farmer and wage earner should receive adequate returns for their toil. The operation of his plant and those of other "independent" manufacturers have produced a very useful and desirable element of competition in the tobacco growers' markets; and by reason of the fact the growers have been substantially benefited.

PERSONAL CHARACTERISTICS

The subject of these remarks was distinguished for his hatred of every form of insincerity and hypocrisy; for his candor and unflinching courage; for his keen sense of justice; for his readiness always to fight for what he believed to be right; for his unfailing sympathy for the poor, the struggling, and all the "underdogs" of our social order. Born of the soil, in spirit he ever remained a son of the soil. Unspoiled by business success and uncorrupted by wealth, he kept his feet on the ground and never lost the "common touch." His own early strivings and hardships rendered his strong and ardent nature deeply sympathetic with all others who found themselves in the same rugged pathways he had trod. He was a born leader of men—a rugged individualist, if you please—but a leader who made partnership with all those with whom he came into business association, for their advantage as well as his own. This was his conception of life and industry, and from this high ideal he never departed. Not only this, he had as well the proud satisfaction of achieving success by adherence to it.

He possessed the capacity for friendship, and he had troops of friends, loyal to him to the last degree, and he to them.

INTEREST IN PUBLIC AFFAIRS

Throughout his life he was vitally interested in public questions; especially in all those which affected the safety and welfare of the Republic, and the economic and social betterment of its people. Unceasingly, by means of his voice and means, he aided worthy causes. His benefactions, though modestly extended, were more numerous than the world will ever know.

He led in movements for lower utility rates, for fairer tax methods, and for improved farm and labor conditions. Through all his life he was passionately devoted to the cause of the toilers, and he utilized to the fullest possible extent the opportunities of his own great business enterprise to put into practical effect the gospel he preached.

In addition, he did much, with purse and appeal, for the cause of education among the colored youth of his section, and in numberless ways proved himself the friend and benefactor of the colored race.

INDEPENDENCE IN THOUGHT AND ACTION

Wood Axton's interest in public affairs was in nowise induced by selfish considerations. This, his whole life proves. He possessed great vigor and independence of thought. On all questions of a political nature he held strong and decided convictions; but he was not influenced by narrow or partisan considerations. Like myself, in the days of Theodore Roosevelt, he was a "Bull Mooser", and in 1912 the leader in Kentucky of the "Bull Moose" movement. This fact led to a friendship between us that survived to the end, and the more that I saw and learned of him and his

views and methods the more highly I respected him, the more warmly I became attached to him.

Some years ago I had the pleasure of visiting Louisville, and going through his establishment, and I was greatly struck and impressed with the spirit and practices which there prevailed. I have ever since believed that if the relationships there maintained between employer and employee could be generally followed in our industrial world the great problems of production and labor would be largely solved.

AN EFFECTIVE SPEAKER

Referring somewhat further to his personal characteristics, I may say that Wood Axton was widely known as an unusually effective public speaker. Big hearted and big brained, his wide experience, his extensive practical knowledge, his quaint and pungent humor, his "grass roots" philosophy, his broad and generous outlook, and his picturesque and homely phrase—not to mention an unsurpassed gift of sarcasm when he was combating what he believed to be injustice or hypocrisy—all combined, with a slow, bullseye method of delivery, to render him a unique and powerful figure on the platform and the hustings.

FARMER AND STOCK BREEDER

In his later years, his health was not good, and although yet active in the management of his manufacturing enterprise he made his home on his extensive and beautiful bluegrass estate, overlooking the lordly Ohio River, and situated near the Kentucky metropolis. Here, in farming and stock raising he found relaxation and pleasure and lived close to the good earth he loved so well. As a breeder of fine livestock—thoroughbred horses and golden Guernseys—winners on the track and in places of exhibit—he took his place among the most successful breeders in a State long noted for its excellence along these lines.

EULOGIES

Many were the eulogies induced by his death. William Green, president of the American Federation of Labor, his long-time and intimate friend, thus spoke of him:

Mr. Axton exerted great influence for the promotion of industrial peace in cooperation and understanding between employer and employee. The industry which he builded and the harmonious relations which he established stand as a monument to his noble character and his intellectual ability.

Col. Urey Woodson, veteran editor and publisher of Kentucky, and now Director of the Alien Property Bureau, had this to say:

I have known him intimately since he was a lad of 10. His first job was as a carrier for my newspaper, the Owensboro Messenger, at a dollar a week. I have watched his wonderful career with pride. He was an ideal citizen, a great humanitarian whose charities were never fully known. He will be greatly missed in the civil life of Kentucky.

These were typical expressions, and might be endlessly multiplied. The newspapers of Kentucky and elsewhere utilized the occasion of Mr. Axton's death to commend his life and deeds, and used them as wholesome texts on which to preach the gospel of industrial peace and welfare which he had so fully put into effect. Some excerpts from leading editorials from Louisville dailies are given:

[From the Courier Journal]

Wood Axton was what is known as a "self-made man", but he never boasted of the fact nor attributed his success to his own ability, strength, or efforts. He was far too modest and self-effacing for that. That same sense of selflessness characterized his attitude toward those with whom he had dealings, especially the Kentucky burley tobacco farmers, from whom he bought most of the raw material for his tobacco and cigarette factory, and the employees of his plant.

An incident of the completion of a quarter of a million dollar addition to his factory at Twentieth and Maple Streets in 1933 illustrates Mr. Axton's attitude toward the tobacco growers. The Agricultural Adjustment Administration had just been established and had promulgated a processing tax on manufactured tobacco with which to reimburse farmers for land taken out of leaf production. The question of how this tax would be paid was a delicate one for Mr. Axton's company, whose chief product, the 10-cent cigarette, was being marketed on a narrow margin of profit. Mr. Axton's decision was typical, and he gave it unflinchingly, courageously, to an assembled group of stockholders. The company would absorb the tax, he said, even though it meant smaller dividends and lower salaries. He always limited his own pay check and that of other executives. The manufacturers had enjoyed many fat years, he said, but the farmers had gone through many lean years. The farmer, he felt, should be helped toward recovery.

Similarly, when the N. R. A. promulgated its codes and regulations, the Axton plant did not need to raise wages. It was already paying more than the minimum scale demanded.

Always honest and straightforward himself, Wood Axton could not tolerate dishonesty and political trickery in public servants and never hesitated to express himself in forceful fashion when he felt it necessary. Public-spirited, but without ambition for himself personally, he was always an active supporter of civic enterprises in the interest of the taxpayer, the citizen, the community as a whole.

[From the Louisville Times]

Mr. Axton was far more than a genial and sympathetic employer.

His theory of getting on in the world was that of a general who realizes that an army marches better and fights better on good rations and in good shoe leather than on poor rations and without comfortable shoes.

His margin of profits depended upon intelligent economy.

His enterprises were great. Getting on the wrong side of the ledger would wreck his own fortune and throw many people out of employment.

In this situation he was unafraid of the labor problem. He believed he could maintain good relationship with his employees and that they would give him the square deal he intended to give them.

He believed in the decency of human nature.

Napoleon knew the value of 5 minutes. Every captain of industry must know the value of 5 cents.

But Mr. Axton's understanding of economy was not that an employer must be a hard bargainer with his employees, never altogether in their good graces.

Wood Axton was a kindly neighbor. He wished to see tobacco growers find a profit. His attitude toward the processing tax—that the manufacturer should absorb it—was illustrative.

If there were, in business, more such men, the social problems of civilization would be simpler than they are.

How unfortunate that Wood Axton died in his early sixties.

[From the Louisville Herald-Post]

It is not the growth of the Axton-Fisher Tobacco Co., not the more than modest beginning and more than phenomenal development, which deserve to be recalled and recorded; of these many other instances could be found. It is the story of the man. His industry and pluck were his own. His faith in the principles which guided him from the first, loyalty to which never for one moment faltered; his determined championship of the causes which he had made his own: these it is which men have in mind when they learn that Wood F. Axton is no more.

In the face of tremendous difficulties, overcoming entrenched opposition, he had invaded the cigarette field, so long the peculiar property of the Big Four, and carved out one corner for his own. Others had joined him and shared in that bold and successful effort. But his was the idea and his the reward.

* * * * * * *

Civic life in Louisville is the poorer for the loss of a manly figure. The tobacco raiser has lost a friend. A splendid fighter will fight no more. And then there is the lover of a horse, the breeder of fine cattle, the citizen of broadest interests, the comrade.

Is it too much to say we shall not look upon his like again?

IN CONCLUSION

Small wonder it is that because of the character of his life and deeds this man, at his death, was as widely mourned, perhaps, as any other Kentuckian of his generation; and small wonder it is, also, that from high and low, rich and poor, white and black, and from far and near, there came to his bier and crowned and pressed about it such a wealth of bloom and verdure—the tokens of love, gratitude, and esteem—as has rarely, if ever, been equaled in his beloved State. His name shall long endure as a synonym and symbol of all the sturdy and generous qualities, the splendid initiative, the undaunted courage, the indomitable will, the tireless energy, the faith, the integrity, and the prescience that have characterized the builders of America from earliest times. His life was inspirational in the highest degree; and it well deserves to be here told and cited as something worthy of the emulation of our American youth. Especially is this true when so many false and corrupting standards prevail. He literally exemplified the scriptural adage, "Seest thou a man diligent in his business? He shall stand before kings." Wood Axton did more than stand before kings of the industrial world. He set them an example which, were they wise, they would strive to follow.

Peace to his ashes! Judged by what he was, and by what he did, we have every reason to believe that all is well with his soul.

LOAVES AND FISHES—OR THE SERMON ON THE MOUNT

Mr. CANNON of Missouri. Mr. Speaker, I received a letter this morning from a disappointed applicant for a post-office appointment in which he said, "You ought to have the guts to make these appointments yourself."

I replied, "I do make them myself. I have personally appointed every Democratic postmaster in the Ninth District. I take the responsibility for every one of them and I challenge any man to point out a more competent or more popular set of postmasters in any congressional district in the United States."

What he probably meant was that I should not have consulted the Democratic committees in making the appointments. Now, it goes without saying that a Congressman must consult somebody in selecting postmasters. No man in Washington, a thousand miles away, attending committee meetings all morning and the sessions of the House all afternoon and working late at night trying to clear his desk of mail, can know who ought to be appointed at every office in the district. No matter how well acquainted the Congressman may be with any office from Jefferson City to the Mississippi River and from Hannibal to St. Louis, the people who live in the community and who receive their mail through the office are better qualified than any outsider to say whom they want and who is entitled to the appointment. For this reason all Congressmen must necessarily consult somebody in the community and take their advice in making appointments. It is merely a question then of whether he will consult some local man secretly and conduct all negotiations behind closed doors or whether he will consult the committees elected by the patrons of the office under the laws of the State of Missouri, in open meetings with all candidates and anybody else who is interested, present to hear the proceedings. He must adopt one of the two methods, and I find the people of our district prefer a voice in the selection of their postmasters and would rather that I take the advice of the committees they have elected than leave the selection to some unknown adviser who is not responsible to them or anybody else.

Announcement was made in the newspapers in advance of the last primary that the committeemen elected at the primary would be consulted in the selection of postmasters. Voters elected them with that in view, and anyone who objects to the committees being consulted is unwilling to abide by the will of the majority as expressed in a fair election at the polls, and obviously wants the Congressman to go over the heads of the legally elected committeemen and appoint some candidate the patrons have indicated by their vote they do not want.

Selection by the patrons is local self-government—one of the fundamental tenets of the Democratic Party. The patrons of the office select their postmaster just as they select the superintendent of their school and no one but the patrons of the office have a voice in it. It is the most democratic method that could be devised. It is home rule in its purest form and the personification of Jeffersonian Democracy.

Only one committeeman in the entire district has written to me questioning the plan. He suggested that it was unjust to the committees to ask them to make recommendations—that they were not elected for that purpose and it would make them enemies. He overlooked the fact that the service of the committeemen is purely voluntary and that no committeeman is expected to vote who for any reason prefers not to participate. Every ballot sent to the committees explains that any committeeman preferring not to vote may return his ballot unmarked.

It is interesting to note that every committee in the district has promptly responded when asked for recommendations and that their selections have been unusually satisfactory both to the local patrons and to the Department here in Washington. It might also be added that practically every committee in the district has repeatedly endorsed candidates for various offices to the Governor, Senators, and others and frequently complained when their recommendations were ignored. If they endorsed candidates to the Governor and Senators for State and Federal appointments, why should they not endorse to the Congressman for postmaster?

The efficiency of the system was especially demonstrated in the selection of census enumerators. The enumerators for the Ninth District were the first in the State to be appointed and the first to complete their enumeration. In this connection, I might add that the supervisor was selected by the chairmen and vice chairmen of the 13 counties of the district, receiving 23 out of the 26 votes. Without exception the candidates selected by the committees have been men and women who were qualified for their duties, who were entitled to party recognition, and who were the choice of the communities from which they were appointed, and all of them are making records which more than justify their selection.

The suggestion that applications for appointments be referred to the party committees comes from the administration. Early in the year Postmaster General Farley wrote to various Senators in part as follows:

JANUARY 8, 1935.

DEAR SENATOR: I have been making an effort to arrive at a uniform system of approving applications and appointments.

In New York State for a long time we have adopted the policy of clearing everything through the Democratic committee. We do that even in the case of post-office appointments. We have not had any trouble in working out this scheme, and I am passing it along to you, to the State chairman and your Congressmen merely as a thought so that if you think it advisable you might care to have it tried out in your State. I am sure you would be entirely satisfied with the system.

If I may not be too presumptuous, I am going to suggest that you sit down with your Congressmen and discuss this. It is not only working out satisfactorily in our State but in several other States I have in mind, and for that reason I pass it along to you.

Sincerely yours,

JAMES A. FARLEY.

I served as confidential clerk under Speaker Clark during the Wilson administration and his experience with this vexatious problem confirms my confidence in Chairman Farley's recommendation. Speaker Clark tried three methods of securing endorsements. He first depended on letters from his personal friends. Immediately there sprang up over the district high-pressure letter mills from which poured letters and telegrams calculated to influence the Speaker's decision in making the appointments. Some wrote the letters on blank stationery and carried them around to obtain signatures. Others, more subtle, made the rounds and gathered up stationery and wrote the letters on business letterheads and then took them back for signatures. Frequently letters were signed without notice to the purported authors. The utility lobby is at least 20 years behind the times in this method of campaigning. If the practice did not originate in letter-writing campaigns for post offices, it at least was widely used by the enterprising propagandists of that day.

To meet this situation Speaker Clark adopted a second plan and required applicants to circulate petitions and secure the signatures of the patrons of the office endorsing the applicant for the appointment. Someone claimed some time ago that the endorsement of applicants by the committees engendered local strife and antagonisms. No such antagonisms could possibly compare to the bitterness which followed the circulation of petitions in the early days of the Wilson administration. Each name added to the petition enlisted a partisan who immediately took up the cudgel for his candidate. Towns were divided into warring factions which drew into the controversy banks, churches, lodges, sewing societies, and practically every other social, civic, and political organization in the community. If any genius can suggest a plan for selecting postmasters which will not occasion local dissension and can patent it he will have an income that will make him independent for life. As a matter of fact, after observing at close range every possible method of appointing postmasters I am convinced that endorsement by committees elected by the patrons of the office is the most satisfactory method and is accompanied by less acrimony than any other which has yet been tried.

Speaker Clark's third plan was invoked when toward the end of his unhappy experience in appointing postmasters, he decided to hold an election, at which each patron of the office was allowed one vote. Of all the plans he tried, the primary was the most disastrous and occasioned such

bitter dissension that he frequently said in after years he would always regret calling it and would never hold another.

It is a sad commentary on the frailty of human nature that in the last years of his long and distinguished career, when he had brought fame and honor to his district and his State, when he had come within a hair's breadth of the Presidency of the United States, the greatest office known among men—when he would have been an honored guest in any Parliament on the face of the globe—there was hardly a town in his own district which he could visit without feeling directly or indirectly the hostility of some relentless partisan whose candidate he could not appoint to the village post office. I vividly recall the first time I returned from Washington after the appointment of the postmaster in my own town, I was followed up the street by a fine old gentleman, one of the most respected men of the county, gesticulating and shouting in a frenzy of rage, "Just wait until Champ Clark runs for Congress again. We will scratch him so hard they will have to get new pencils in the booths." Commanding ability, scholarship, lifelong devotion to duty, and incomparable service to his country and his times rendered by the great Speaker, meant nothing when weighed in the balance with the local postmastership.

Mr. Speaker, patronage is the bane of our democratic form of government. All political machines are built on patronage, and excessive political funds are accumulated through assessments on political job holders. The endorsement of postmasters and other appointees of the Ninth Congressional District by the local committees is a guaranty that no such machine will be built and no such funds will be collected in our district.

The only consideration in the selection of our postmasters has been the good of the service, the welfare of the party, and the approval of the patrons. And, judging from the letters received, 99 percent of the patrons endorse the method of their selection. It is also sanctioned by the highest party authority, as indicated by the following letter of approval:

DEMOCRATIC NATIONAL COMMITTEE,
Washington, April 15, 1935.

Hon. CLARENCE CANNON,
House of Representatives,
Washington, D. C.

DEAR CLARENCE: For a long time I have been watching very closely the manner in which you have been handling the recommendations for postmasters in your congressional district. The idea of getting the recommendation of the county organizations on such appointments, I am satisfied, meets with more general approval than any other form you may follow. That is exactly the system we used in New York State, and we haven't had any difficulty at all.

It would be pleasing to me if other Congressmen would follow this system, because I am sure that if they did they would find it highly satisfactory from every point of view.

With every good wish, I am,
Sincerely yours,

JAMES A. FARLEY.

Chairman Farley is correct. Our experience demonstrates that the plan of getting the recommendations of county organizations meets with general approval. Most of our postmasters have now been appointed. Only a few remain to be installed. If they can be chosen as amicably and harmoniously as those we have already selected, our committees will have made a record in the history of the district and the State. In this work the committees will have the cooperation of all serious-minded citizens who believe Congress should devote most of its time to problems of taxation, relief, farm prices, old-age pensions, veterans' legislation, agricultural adjustment administration, loans, roads, recovery from the depression, and other matters affecting every family and every pocketbook in the district rather than neglect these to get a post office for one man in the town.

KERR BILL PROVIDES A HUMANE DEPORTATION PROGRAM

Mr. DICKSTEIN. Mr. Speaker, the law-abiding aliens in the United States should not be handicapped, in these difficult times of economic readjustment, by threats of wholesale and mandatory deportations and compulsory naturalization, and I will do everything I can in the performance of my official duties to reassure aliens here, who are not in any of the criminal classes, that they will continue to have the equal security guaranteed to them and to citizens by our Constitution and by our laws.

Several of the opponents of the Kerr bill, including my colleague in the House and former member of my committee, the Honorable MARTIN DIES, of Texas, have taken upon themselves to issue to the public and to broadcast over the radio some statements which are not only unfair and un-American but express unsound principles and figures that are apparently untrue.

Assertions have been made in print and by voice which would have the general public believe there are now in the United States from 6,000,000 to 20,000,000 aliens and that of these aliens from three and a half million to 10,000,000 are now here illegally and subject to deportation. It has also been proposed that all aliens now unlawfully here should be immediately deported and that all aliens who are legally here should become citizens within a year.

All of these statements are so fantastic and are such exaggerations that I feel all right-thinking American people should be given, without delay, an answer with authoritative information from trustworthy sources.

Following a most careful examination of the records of the Census Bureau, of the records of the Immigration and Naturalization Service, and of other sources of reliable information, the Honorable Daniel W. MacCormack, Commissioner of Immigration and Naturalization, recently told our committee during open public hearings that the total number of foreign-born persons now in the United States, other than those who have become citizens, or those who have filed their declarations of intention to become citizens or those minors who will become citizens upon the naturalization of parents with declarations of intention is not in excess of 3,403,000. Colonel MacCormack, at the same hearings, also stated that he was compelled to the conclusion that it is extremely unlikely that there are now as many as 100,000 aliens who are here illegally and subject to deportation under existing laws.

The Kerr bill, which is now awaiting consideration on the floor of the House, is primarily a legislative measure to enable the more effective and humane administration of our deportation laws, but the inevitable result of its enactment will be to reduce the alien population of our country and to further restrict hereafter both legal and illegal immigration from abroad.

An interdepartmental committee, made up of representatives of three Government departments—Justice, State, and Labor—will be authorized to study certain cases involving aliens who are in the noncriminal classes—that is, aliens whose only offense may be a technical violation of the immigration law, but for which there is no criminal penalty provided other than deportation—and then in these cases exercise limited discretion to adjust the status of certain of these aliens in a humane manner calculated to preserve the unity of homes honorably established on American soil and to prevent American-born minor children becoming orphans in their native land.

The Kerr bill grants no discretionary power to adjust the status of any alien whose deportation is mandatory under existing law on grounds that the alien has been convicted of a crime involving moral turpitude, or is deportable as an anarchist or Communist, or is deportable on account of any violation of State or Federal laws regarding the importation or sale or distribution of narcotics, or who is not of good moral character, or who is deportable as a prostitute, procurer, or similar immoral person.

Deportations will be greater in number because there are four classes added to the aliens subject to deportation that are not covered by existing laws; these include the habitual criminal, the racketeer, the gunman, the alien smuggler of aliens, and violators of State narcotic laws. Apprehensions of aliens subject to deportation and temporary detention of them without warrant will legally enable immigration officials to more efficiently get aliens who now escape and are lost before the issuance of lawful warrant can be secured.

Fewer foreign-born persons who have never before been here will arrive as quota immigrants because the number of all aliens who have been permitted by the interdepartmental

committee to remain will be deducted from the quota of the countries from which they originally came here. Skilled agriculturists will no longer have the preference status which they now have under the quotas.

This bill will clean up a great deal of the injustice that our present inflexible deportation law has made mandatory. These inhumane practices have been known for years by thoughtful students of the operation of our immigration laws, and Congress has been urged for a long time to legislate the necessary remedies. The Kerr bill will bring the needed relief and will thereby increase the wholesome respect for our immigration laws.

The Kerr bill should be speedily made law, and I will do all I possibly can to bring that about.

I will not be a party in Congress to any plan proposed by either the alien groups or the restrictionist groups to railroad through my committee or by passage on the floor of the House any measure which is essentially un-American in principle or which seeks to arouse undue animosity among our people by arousing any established alien prejudices against the foreign born primarily because they are foreign born. If they are law abiding and uphold the principles of our Constitution, aliens are entitled to receive equal opportunity and security to that enjoyed by anybody in this country.

HAWAII AND THE NATIONAL DEFENSE

Mr. KING. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio addresses delivered by me on February 11, 1935, and August 20, 1935:

RADIO ADDRESS DELIVERED FEBRUARY 11, 1935

To my radio audience, greetings and best wishes to you all, or, as we say in Hawaiian, "Aloha kakou a pau loa."

This is the Delegate from Hawaii, speaking on the general subject of the Hawaiian Islands, having been granted time on the air through the courtesy of the Columbia Broadcasting System.

I first came to this country from Hawaii nearly 30 years ago, appointed to the Naval Academy by our former Delegate, Prince Kuhio Kalanianole, the only prince of a royal family to serve as a Member of Congress, which position he held for 10 terms, or nearly 20 years. As a young Hawaiian from a country only recently annexed to the United States, I was an object of considerable interest, but was received with such kindness and friendliness by all the people whom I met on my trips across the continent, while at school at Annapolis, and later during my service as an officer in the Navy, that I felt sure our famous Hawaiian hospitality did not surpass that of the American people. I know this is the experience of all of our island people who come to the mainland to school or on business or for pleasure.

But coupled with that sympathetic interest there is a great lack of knowledge concerning Hawaii and its people, natural enough under the circumstances, but sometimes harmful to Hawaii. It was soon impressed upon me that we in Hawaii knew a great deal more about the mainland, and the people here, than they did about us. We are brought up on American history, and in our contacts with visitors from every part of the Union, and with residents from every section, who have come to the islands to live, we become well informed about America. Coming as the Delegate to Congress from Hawaii it is still a matter of surprise to me to find how few are acquainted with conditions in our little country of Hawaii. Despite the thousands of visitors who have been in Hawaii for stays of various duration the number who know Hawaii from first-hand acquaintance is but a small proportion of the total population of this great Nation of 125,000,000 people.

For that reason, we of the Islands, who have the opportunity, constitute ourselves voluntary spokesmen of our people, in the effort to give information concerning our country to the mainland residents. Recently a friendly gentleman whom I met, commented upon my speaking English so readily, and was astonished when I told him that English has been spoken in Hawaii for over 100 years; has been a legal language of the country for several generations, and was the only language taught in the public schools of the islands for a decade before we became a Territory of the United States. Another interested friend was surprised to learn that we are closer to the mainland than we are to the Philippine Islands, or to the Orient. Less than 2,500 geographical miles from San Francisco, Hawaii forms the apex of a triangle, of which the base is the coastline from Seattle to San Diego. On the other hand, we are 3,500 miles from the Philippines, and a greater distance from the mainland of Asia. We might almost be called a coastal island group.

Our Territory comprises a chain of islands, whose total area about equals that of Connecticut and Rhode Island taken together. The usual picture of the South Sea islands hardly applies to Hawaii. We are just within the Tropics in latitude, but because of our small island area, in the middle of the north Pacific Ocean, our climate is tempered by the trade winds, which blow for nearly 10 months out of the year, and by ocean currents that sweep down from the Bering Sea to Hawaii.

When Captain Cook discovered the Hawaiian Islands he found a populous country, whose people were living in the feudal age in political and social culture, but in the stone age in the mechanical arts because of the restrictions of their environment, principally the lack of metals. These people were the northernmost branch of the Polynesian race, that occupies the whole of the eastern Pacific from Hawaii to New Zealand. While the exact origin of this race may be in doubt, there is no question that it is, at least partly, of Aryan extraction, and it shows a high degree of adaptability to civilization as we understand it. Soon after Captain Cook discovered the Hawaiian Islands our great leader, Kamehameha I, consolidated the group into one kingdom, and gradually a more liberal form of government was evolved, mostly from American models, but with some features from the British system of government to provide a place for our Hawaiian royalty.

After nearly 100 years as a monarchy, and a brief existence as a republic, the islands became a part of the American Union by annexation. This occurred in 1898, during the Spanish-American War. However, the basis of our annexation had no direct roots in the war itself, but was the result of a close cultural and economic association, with the United States, over a period of many years.

Texas and Hawaii are the only two parts of the United States that have come into the Union by annexation. One was admitted as a State and the other was incorporated as a Territory, both by joint resolution of Congress and not by treaty. In neither case was conquest nor purchase involved. In both cases the new territories came into the United States of their volition, and might well have chosen some other political destiny.

In the 35 years we have been a Territory of the United States, Hawaii has developed into a progressive, self-respecting, and self-governing community, complying with every obligation of American citizenship and showing on every occasion a devotion and a loyalty to that citizenship that cannot be surpassed by any other part of the country. During the World War Hawaii more than did its part in men in service, in subscriptions to every call for cooperation in the national emergency.

Because of our highly developed agricultural resources, Hawaii has been prosperous internally, and has been a paying member of the Union, remitting to Uncle Sam's treasury, a substantial sum over and above what the Nation expends in the Territory for local purposes. In fact, the balancing of the ledger would show a credit to Hawaii in the neighborhood of $170,000,000—a small sum in these days of billions, but a large sum for our small community to have paid out of its earnings into the National Treasury. Our trade, almost exclusively with the United States, has averaged annually, over the years, about $100,000,000 worth of exports, consisting principally of cane sugar and pineapples and about $90,000,000 worth of imports. So Hawaii is a good customer, a steady market for American merchandise, and commercially, a valuable asset to the Union, particularly to the West Coast cities, with whom most of this trade is carried on.

At the time of annexation, the matter of statehood was discussed and the leaders of the American Government expressed themselves as committed to the policy of ultimate statehood for the Territory, when the growth of the country justified that step.

The only safe guarantee that we have for the protection of our country and its people as an integral part of the United States is statehood. Until this is obtained we are subject to the will of Congress, despite the definite obligations mentioned in the joint resolution of annexation, which referred to the guarantees of the treaty of annexation, then pending before the United States Senate. For this reason, and because Hawaii takes a great pride in its citizenship and naturally aspires to perfect that status by becoming a full-fledged sovereign State of the Union, we repeatedly petitioned Congress to permit us to organize a State government. I have introduced a bill in the present Congress for that purpose and have asked that it be considered on its merits; and, if necessary, that a congressional commission visit Hawaii this summer to survey conditions in the islands on the ground.

To those who are concerned about our racial set-up, let me say that no unprejudiced person doubts for a minute the loyalty of our citizens, from whatever ancestry, any more than one would doubt those in many communities on the mainland that have as great a diversity of racial strains. In a population of over 380,000 people, perhaps a third are aliens, ineligible to citizenship. While an important element industrially, this group does not participate in governmental affairs. The citizen group, about two-thirds of the total population, comprises in round numbers 50,000 Hawaiians and part Hawaiians, nearly as large a number of Anglo-Saxons, and a somewhat smaller number of Latins, in all about 150,000 of Polynesian and Caucasian peoples, whose Americanism is beyond question; and about 120,000 citizens of Chinese and Japanese ancestry, concerning whose loyalty we, of Hawaii, have no doubt.

The Chinese group, came originally to Hawaii, nearly 60 years ago, and are now completely identified with the country of their birth. The more numerous, and more recent, Japanese citizens, many of them still children, and all of whom must be Hawaiian born to qualify as citizens, are showing every indication of their desire, to be Americans in the fullest sense, and to one who has lived among them, and observed their progress in this ambition, there can be no doubt as to their sincerity, nor their capacity for citizenship. We are anxious, that as complete an investigation of our people be made, as the Government may wish to make, and we are willing to abide by the verdict so arrived at, based upon a true knowledge of Hawaii. We believe such a verdict will grant our plea for statehood.

To the great number of American people who are in the habit of traveling during some part of the year to escape the cold of winter or the heat of summer, I can only say: "Come to Hawaii and see for yourselves the real Hawaii."

As we say in Hawaiian, Mahalo, me ke aloha nui—thank you with best wishes.

RADIO ADDRESS DELIVERED AUGUST 20, 1935

America, in its march across a continent, has always had its frontier outposts, marking for a time the western limits of its settled domain. Pushing these outposts ever further toward the setting sun, the Pacific Ocean was finally reached and the continent spanned from ocean to ocean. But even while this rapid settlement was going on venturesome American ships were sailing the seven seas in search of trade and profits. Yankee ships knew the west coast of America when California was under the flag of Mexico, Oregon, and the Puget Sound country as yet an unexplored land, and Alaska still under the control of Russia.

In this bold pioneering the islands of the Pacific were likewise visited. Hawaii was in touch with the business houses of Boston and New York through their vessels while George Washington was President of the United States. The Navy goes where the Nation's commerce leads its vessels, and the United States Pacific Squadron patrolled the coast west of America and the islands of the Pacific before the American Nation had crossed the Mississippi River.

The value of Hawaii as an ocean outpost, controlling the north Pacific, was realized from these earliest times. The first naval visitors recognized its strategic location and urged the United States to obtain the exclusive use of bases in the country. The absence of any other island group in this area adds to Hawaii's natural value the feature of uniqueness. There is no alternative choice that can be utilized by America.

Several treaties were suggested looking to the cession of land-locked Pearl Harbor, an ideal naval base, to the United States. The then Hawaiian Kingdom in most cases was agreeable to such an arrangement, expecting no doubt that material advantages would more than compensate for some small loss of territory or sovereignty.

But the United States, still occupied with developing its own vast hinterland, turned a deaf ear to any Pacific outpost and declined to approve any treaty for such a project.

Other nations were also alive to the possibilities of a naval base in Hawaii, and perhaps America's indifference might have thrown Hawaii into the arms of some other power had not that indifference been coupled with a firm stand against such an eventuality and a strong support of the sovereignty of the Hawaiian Kingdom.

Up to annexation therefore the strategic value of Hawaii was still potential and not actual. The Spanish-American War made the United States a world power, and brought it into the Pacific area more than ever before.

Today Hawaii is America's last western outpost, almost a fundamental necessity in the protection of the west coast of the mainland. This part in America's scheme of defense is primarily naval. As a fleet base Hawaii serves America. The Army stationed there simply protects that base from attack and has no other reason for being in Hawaii.

It is also true that Hawaii is of greater value to America than to any other nation. Its control and development by any other nation could not be considered a defensive measure, and it might easily become a spear-point aimed at our west coast in an offensive war.

Whether the developments of warfare will lessen Hawaii's importance in the strategy of America's defense is a matter of conjecture.

When sail power was the sole means of locomotion on the seas, Hawaii was an imperative need. When steam from coal became the source of power, Hawaii's value was hardly less. With greater radius of action by use of oil, Hawaii may be slightly less important.

But its proximity to the west coast, its commanding location in the north Pacific, both for ocean and air travel, gives America such a tremendous advantage in any Pacific operation that it is hardly conceivable that its strategic value will ever be less.

It is a common error to think of Hawaii as a remote country, sometimes even assumed to be in the vicinity of Asia. A glance at the map of the north Pacific Ocean will correct this confusion of ideas. America is Hawaii's closest neighbor, 2,091 miles away; Japan is 3,394 miles beyond, China further away, and Australia 4,420 miles "down under" to the south.

America has shown its willingness to retire from the Asiatic area in recent arrangements to grant independence to the Philippines and in treaty pledges not to fortify Guam. But certainly its insistance upon making Hawaii a real fleet base, adequately protected from attack, cannot be criticized. Such a policy is but the natural development of defense measures for the protection of its own mainland from possible attack, that makes Hawaii the last, as it is the westernmost, American outpost. Hawaii's distance from any other country precludes any suspicion that its development is for offensive purposes.

The American people are, on the whole, a peace-loving people. Even those who, like myself, have served in its military or naval services abhor war as a means of settling international differences, perhaps even more so than the civilian population without military experience. But unpreparedness may invite the very conflict we wish to avoid. Failure to guard ourselves against attack would increase tremendously the cost in life and wealth of carrying on a defensive war.

If all these points are true, as I believe them to be, then we should make Hawaii impregnable to attack, and we should equip Pearl Harbor to become a fleet naval base in the full meaning of that designation. Recent appropriations to complete this program, concerning which much has been said in the press, are after all simply putting into effect a plan of national defense that had been determined upon by us many years ago, and agreed upon at the Washington Disarmament Conference several years ago, and only partially done during intervening years.

No nation need read into these expenditures any policy other than that America wishes to assure her own protection. The defense of Hawaii carries with it no menace to any other nation. Jingoes of both America and Japan have tried to draw conclusions from the recent extension of Hawaii's military defenses not justified by the facts. But no nation can afford to allow its jingoes to control its policies. There are, frankly, no issues of real consequences between America and Japan. Our trade relations are mutually profitable, with a substantial balance in America's favor. Our spheres of greatest interest do not clash. It is difficult to conceive what either nation could possibly gain by a conflict, and it is unquestionable that both would lose. I am confident that the wise leadership of both nations will not allow any extreme group to precipitate a conflict.

We in Hawaii are nearer neighbors of Japan than the rest of America. Possibly for that reason we understand her better than continental Americans do. We have among our citizens many of Japanese ancestry, and we find no justification for considering them as different from other races. They respond to the same stimuli as other peoples, and have shown every indication of joining with the other races of Hawaii in making our island melting pot thoroughly American in every fundamental aspect.

Our young Americans of Japanese blood, first and second generations born on American soil, are developing along the same lines as the descendents of European immigrants to this country. They are industrious, law-abiding citizens, filled with loyalty to America. Perhaps Hawaii's mission will be not only that of military outpost, but also one where the two great nations that face each other across the Pacific may become better acquainted with each other's people, and find in such acquaintanceship grounds for mutual good will and friendship, rather than prejudice and enmity.

Hawaii, as America's western outpost, standing guard for America in the North Pacific, is primarily a precautionary measure, an insurance against war, which all of us hope and believe will not be used, but which must be provided for our own best protection.

COTTON CROP VALUE INCREASES IN KERN AND TULARE COUNTIES, CALIF., AND THE UNITED STATES

Mr. STUBBS. Mr. Speaker and Members of the House of Representatives, Dr. C. A. Cobb, Director of the Division of Cotton, of the Agricultural Adjustment Administration in the Department of Agriculture, has released some very interesting figures, compiled through August 14, 1935, which show the progress of the Cotton Adjustment Program in the United States, the State of California, and the Tenth Congressional District of California, which I have the honor to represent in Congress.

It is apparent, from these figures, that the Nation, our State, and my congressional district have received generous financial assistance from the cotton-adjustment program instituted by Congress.

Permit me to discuss, for a moment, the financial benefits which the cotton industry of my district has received during the past few years. During the 1932–33 period, the cotton industry, like others, was headed for the wall.

Kern and Tulare Counties, which are the cotton-growing areas of my district and which boast the most magnificent yield in the Nation, did not escape the effects of the depressed markets, and Kern County, during that season, found the farm value of its lint and seed approximated only $1,704,104, and Tulare County was in an equally serious plight because the lint and see value of its crop had fallen to $1,021,785 in value—an aggregate value of only $2,725,890 for the cotton crop of those two great counties.

Supervised markets, rental payments and other benefits, however, show that at the end of the 1934–35 season the cotton industry of Kern and Tulare Counties (as well as the United States and the State of California in general) enjoyed increased values.

It is interesting to note, by way of figures, the steady increase in value which the cotton crop has staged during the past two seasons. Let us take Kern and Tulare Counties, for instance, and compare the value of their 1932–33 season's crop with the 1933–34 crop, and also with the 1934–35 crop, and also the comparative figures for the State of California and the United States.

	1932–33 season	1933–34 season				
	Farm value of lint and seed	Farm value of lint and seed	Rental payments as of Mar. 31, 1934	Option payments as of Apr. 30, 1935	Total payments	Farm value plus payments
Kern	$1,704,104.76	$3,906,965.20	$15,251.00	$32,816.54	$48,067.54	$3,955,032.74
Tulare	1,021,785.86	2,552,239.49	27,825.00	56,870.61	84,695.61	2,636,935.10
Total	2,725,890.62	6,459,204.69	43,076.00	89,687.15	132,763.15	6,591,967.84
State total	5,216,000.00	12,530,000.00	163,204.67	248,431.50	411,636.17	12,941,636.17
United States total	483,887,000.00	718,132,000.00	112,472,670.27	63,293,619.69	175,766,289.96	893,898,289.96

Comparing the 1932–33 season with the 1934–35 season we find:

	1932–33 season, farm value of lint and seed	1934–35 season				
		Farm value of lint and seed	Rental payments as of Apr. 30, 1935	Parity payments as of Apr. 30, 1935	Total payments as of Apr. 30, 1935	Farm value plus payments
Kern	$1,704,104.76	$5,503,851.64	$174,612.56	$60,625.05	$235,237.61	$5,739,089.25
Tulare	1,021,785.86	4,422,107.97	211,053.19	63,128.87	274,182.06	4,696,290.03
Total	2,725,890.62	9,925,959.61	385,665.75	123,753.92	509,419.67	10,435,379.28
State total	5,216,000.00	20,087,000.00	927,070.34	290,067.53	1,217,137.87	21,304,137.87
United States total	483,887,000.00	767,772,000.00	87,476,853.93	25,989,418.74	113,466,272.67	881,238,272.67

From these figures it is apparent that the aggregate value of the Kern-Tulare cotton crop increased $7,709,188.66 during the 2-year period.

MONEY SHORTAGE CAUSES ALL OUR DISTRESS—DESTRUCTION OF FARM WEALTH PROTECTS WALL STREET GANGSTERS. REFUSAL TO ADEQUATELY FINANCE FARM MORTGAGES, VETERANS, OLD-AGE VICTIMS, TEACHERS, ALL PROFESSIONAL CLASSES, HOME OWNERS, OTHER CITIZENS HAS PROLONGED DISTRESS, INCREASED POVERTY

Mr. BUCKLER of Minnesota. Mr. Speaker, we have just recently passed a new tax bill to bring additional revenue of perhaps around $200,000,000 annually. This amount will not even pay the interest on our present national debt.

And it perhaps will be difficult to even raise this much additional revenue because of cash money shortage.

Why is it so hard to raise money from taxation? Because there is simply not enough money in the country and not enough money in circulation with which to pay taxes. How can people pay taxes when they have not got any money? There is a lack of money. There is a shameful lack of money in this country on which to do business.

Do you know that there is not enough money in all the 15,894 banks of the country to pay the Federal Government interest of $756,617,126.73 for July 1, 1933, to June 30, 1934, and less so for our national debt interest for the year July 1, 1934, to June 30, 1935, of about $821,000,000, without even considering the billions of State, county, and other governmental unit debts and the huge private debt of billions of dollars? All the banks of this country hold in their vaults less than $750,000,000 of all kinds of cash or currency money. The actual amount on June 30, 1934, was only $713,968,000. This huge money shortage is a crime.

This money shortage causes virtually all our distress and it affects us all. Veterans of the World War must have their money, must have steady jobs and share in the general benefits everyone gets from increased circulation of money. Veterans and other citizens must have more cash to do business. The National Union for Social Justice demands more money. The Share-the-Wealth and Commonwealth citizens must have more cash if their programs should be adopted. Advocates of production for mutual use and service (the End Poverty Society) must have more money to circulate to make their plans successful.

The railroad brotherhood members want more money in circulation, as it means more business for the railroads and so more work. Workers' unemployment and social protective forces must be served, but more money in circulation is necessary.

Old-age victims, Townsendites, and others demand their rightful payments for the aged pioneers of our country. Home owners are hopeless without more money in use. Teachers, schools, and professional men and women cannot serve humanity well without getting paid and there is not enough money in circulation to pay many of them. All classes of society must have a sufficient supply of money. Only the wealthy have enough of it at present. Needy veterans, needy farmers, needy labor, clerks, professional men, school teachers, workers of all kinds, needy home owners, and other classes of society need cash.

The Supreme Court again found it necessary to reverse those national legislative policies which violate the Constitution. These policies refuse to let money circulate.

The President cannot legally control legislative powers that the Constitution gives exclusively to the Congress. These powers include the "coin money" power.

CONGRESS, THE PRESIDENT VIOLATE THE CONSTITUTION

Congress refuses to circulate money as the Constitution orders Congress to do. Both Congress and the President violate the Constitution regarding the "coin money" power.

Because the President refused to let Congress pay the full bonus to veterans—nearly 80 percent of Congress wanted to pay this debt—and because the President refused to let Congress circulate money for all the people, there has been much crazy, makeshift legislation forced through Congress to try to improve poverty conditions that are almost wholly due to the shortage of money in circulation. Emergency legislation, illegal and unconstitutional, can never take the place of the shortage of an adequate supply of money in circulation among all the people.

Congress said the N. R. A. would correct conditions that are due to shortage of money. It was declared unconstitutional and now the first N. R. A. is as dead as the "dodo bird."

The President is unconstitutional by keeping the "coin money" power. Congress lets him do this illegally, and Congress lets Wall Street regulate the value of money.

During the Seventy-fourth Congress the Supreme Court really ruled that nothing must interfere with the power of Congress to coin and issue money. Not even the President.

SUPREME COURT SAYS GOLD IS NOT MONEY

The Supreme Court, in effect, said gold was not money. Neither is silver. Nothing is money unless it is stamped as money by Congress, redeemable by tax revenues.

In the Frazier-Lemke Bankruptcy Act ruling the Supreme Court ended its decision in these words:

> Through taxation the burden of the relief afforded in the public interest may be borne by the public.

This means Congress should tax excessive wealth gained by deflating or robbing farmers and the public, to afford relief to the public "in the public interest."

Only by Government lending of a few billion dollars to farmers in trouble with mortgages, many losing their homes because of the adverse Frazier-Lemke Bankruptcy Act deci-

sion, and only by paying the $2,000,000,000 long past due to the soldier veterans was it possible to put money in circulation safely and quickly to relieve national distress.

Money-scarcity policies of big bunco bankers cause virtually all our hell on earth, our distress, and most of our crime and our poverty.

Only by long term and low cost lending of a few billion dollars to farmers in trouble with mortgages or other finances, on the Frazier-Lemke basis, and only by paying out and spending enough billions of dollars to the needy veterans as well as through all needy citizens, can money be put in circulation safely and quickly to relieve national distress. Every needy man and woman must be allowed to earn needy money.

DEBT-SLAVERY MONEY IS UNCONSTITUTIONAL

Congress must coin constitution money and stop debt-slavery.

Taxes cannot be paid with bankers' debt money, bondage money which constantly increases debts and taxes.

The annual debt and property-tax charges of over $20,000,000,000 cannot be paid with a small amount of money and that controlled by big bankers.

Big bankers really get Government doles, over $2,000,000 daily. Congress also prints hundreds of millions of money free for big banker racketeers—free except actual cost of paper, ink, and printing (less than one-thirtieth of 1 percent). Farmers and other citizens pay 1½ percent up to 10 percent or more for money.

Congress must circulate money for all citizens to earn. Big bankers must not be kept on doles with special issues of Government bonds and thousands of millions of interest payments given to the big bankers exclusively.

The refusal of the administration to circulate money freely has increased unemployment and poverty.

No recovery or national welfare measures for all classes of our citizens are possible without putting plenty of money in circulation.

The Constitution says that Congress must coin money and control money by regulating its value, for use of all the people.

The last Congress declared that the control of money, which had been regulated and managed by Wall Street bankers for 73 years, must be returned to the control of Congress. The Supreme Court last February sustained that decision, February 18, 1935.

Because money does not circulate freely debt-slavery exists today.

Debts cannot be paid because money is too scarce.

Mortgages cannot be paid without cash. People must have money.

Why does Congress refuse to let money circulate?

The people are tired of debt-slavery.

The people demand more money in circulation.

American citizens cannot trade with one another or pay debts because money does not circulate. But Wall Street bankers still object. They refuse to let money circulate.

It is impossible to live decently without money circulating.

There must be enough money for everyone to earn some.

Congress must coin the money. The Constitution says so.

Wall Street must stop coining money. That's unconstitutional.

Our money system has been unconstitutional ever since private bankers stopped Congress from issuing Abe Lincoln honest greenbacks.

Wall Street still controls our money system.

Wall Street took control during the Civil War. Wall Street has been boss of America ever since.

I believe Wall Street still runs our Treasury Department. Congress does not coin enough money for public use because Wall Street bankers object. Wall Street proposes to keep control of money for its own exclusive purposes.

WALL STREET BANKERS GET $2,000,000 DAILY DOLES

Abe Lincoln honest dollars are the only debt-free dollars the American people have ever had. They are the most scientific, safest, and best dollars ever coined. They are the only dollars that conform 100 percent with the Constitution. There still are 346,000,000 of these dollars in circulation, coined by Abe Lincoln's Treasury Department. These dollars are not tied to any bondage bonds and they do not pay tribute to Wall Street-allied bankers. Doles to New York bankers cost the people of the United States over $2,000,000 every day for interest on Government coined dollars that are coined for bankers almost exclusively, and for bondholders.

Money means life to trade. Much money means much trade.

More money means more trade and business.

Money creates progress. Shortage of money cripples, destroys.

Every Congressman swears to obey the Constitution.

Failure to coin money betrays the Constitution. Therefore Congress must coin money for everybody—enough for every State and all its citizens.

In controlling money Wall Street has always inflated and deflated at will to create panics and foreclosures. Wall Street deflated 200 billions of values in recent years.

Deflation by taking money out of circulation drops values and makes property for sale cheap on the courthouse steps.

Taking money out of circulation destroys homes.

Taking money out of circulation destroys family life.

Taking money out of circulation drives men mad. It is a criminal madness, and causes suicides, murders, and other crimes.

Mr. Speaker, America's people have been overboard for 5 years. Too many have been sunk, too many destroyed.

There is no hope for farmers, clerical workers, professional men, business tradesmen, all skilled and unskilled artisans, and labor so long as Wall Street masters control America's wealth.

W. W. Aldrich, son-in-law of J. D. Rockefeller, and boss of Wall Street's biggest bank, recently told the Senate Finance Committee it would be vicious to let the people have money. Aldrich's allies recently inflated and later deflated two hundred billion and grabbed untold hundreds of millions for themselves. To let the public have some of their money back now will be hell, Aldrich says. It may mean "a conflagration of inflation uncontrolled" by bankers, says Wall Street's agent. He thinks it all right to let Wall Street inflate two hundred billions to grab all it wanted and keep the public poor.

Rev. Charles E. Coughlin, the radio broadcaster, favors Honest Abe Lincoln dollars as proposed by the Nye-Sweeney bank bill.

Now, for the true idea of the greenback. It is the credit and property of the American people.

ABE LINCOLN GREENBACKS OUR ONLY HONEST DOLLARS

Honest Abe Lincoln greenback dollars are briefly described by Lincoln's Secretary of the United States Treasury who explained what they are in these words:

"What is a greenback? Did you ever think what it was?

"Why, it is simply the credit of this great American people put in the form of money to circulate among the very people whose credit makes it good.

"When I was Secretary of the Treasury the question arose, How should these vast armies and navies be supplied?

"How should the boys be fed in the fields, the sailors in ships, and provisions be made for their support, their clothing, food, and transportation?

"I found the banks of the country had suspended specie payments.

"What was I to do?

"The banks wanted me to borrow their credit or pay them interest in gold upon their credit. They did not pay any gold, or propose to pay any themselves, but they wanted me to borrow their notes.

"I said, 'No, gentlemen; this great American people is worth all of you put together. I will take the credit of the people, cut it up in the form of little bits of paper and we will circulate that paper.'"

Under our present money system the Treasury Department issues bondage bonds bearing annual interest, hoodwinks the innocent, and bleeds them for tribute. They are merely

another expression of the sin of serfdom. They enslave the masses.

"National debts paying interest are merely the purchase by the rich of the power to tax the poor", said John Ruskin.

Much historical enlightenment on bondage bonds is given on pages11847–11848 of the CONGRESSIONAL RECORD, July 25, 1935. Senator GERALD P. NYE, of North Dakota, gives evidence that our bondage bonds, now being increased, are plainly the international big bankers' method of extending chattel slavery by saddling the public with permanent debt. In this way they get rid of the responsibility that masters of chattel slaves were compelled to assume.

Bondage bonds and monopoly control of money are the cause of most of our troubles. Our Treasury Department issues bonds to private bankers. Then the Treasury prints greenbacks for the same private bankers. Then the Treasury authorizes the bonds to be deposited as collateral against the new printed greenbacks, printed cheaply at cost of paper and ink and labor. Then the Treasury takes back the new printed greenbacks, printed free of any service charge, in payment for the bonds. Also the Treasury thanks the big-banker bondage masters for the "privilege" of paying them interest and doles to the extent of tens of millions of dollars every month on United States bondage bonds that ought never pass out of possession of our Treasury Department.

This is a damnable racket. It is an "insiders" jobbery racket.

CRIMINAL WEALTH OF BIG BANKERS RAKE-OFF RACKETEERS

We used to hear arguments about the unlawfulness of depriving masters of their serfs. Now we hear objections to depriving bondage bond masters of their illegal, unconstitutional, ungodly interest rake-offs that some progressive men claim is criminal wealth—surrendered in the form of doles to big banker rake-off racketeers.

We are told that those who commit these evils do so "in the name of the people" and "for the true service of the people." Such lies!

Under our present system, without money men are in chains and shackles.

Without money there is stagnation, sorrow, crime, and distress.

Congress can cure all these troubles by issuing more money without interest-bearing bonds but with the gold and silver in the Treasury and credit of the people back of it.

Money in reach of everybody will rescue millions. More money will restore honest values on a normal basis.

MONEY DEFLATION CAUSED DARK AGES

The history of the Dark Ages, Mr. Speaker, can be written in one word, "Deflation." For a thousand years European countries were plunged into chaos by deflation. Money stopped circulating. Money was not understood. Men went back to barter.

Without money people could not trade. Progress stropped.

Chaos is here now because money does not circulate.

Men suffer all kinds of agonies when money is scarce.

When the Government permits money to disappear trouble begins.

When farmers cannot sell their products they stop buying.

When the farmers stop buying city workers stop working.

When workers stop working factories shut down.

When farmers cannot get money, factories cannot sell goods and workers cannot get work. This all happens because Congress lets the "coin money" well dry up.

When Congress will not let money circulate, then workers get laid off, factories stop running, and the farm products drop below the cost of production and go to waste. Farmers do not sell, workers do not buy, factories do not employ or produce.

The fault lies with Congress.

Congress must take action to circulate money.

Wall Street interferes. Wall Street seems to be the boss.

Congress almost let money go out of existence entirely.

Money disappeared because Wall Street seized it all.

The Frazier-Lemke Act to save farmers from foreclosure was necessary because the administration refuses to let money circulate so that farmers can pay their mortgages.

One way to do, the Supreme Court now says, is to tax excessive wealth and let more money circulate.

SUPREME COURT ADVISED INCREASED CIRCULATION

The Supreme Court finds conditions among farmers terrible, with usury or interest charges by private money lenders running higher than 6 percent in some cases. Wall Street bankers get Government-printed money for one-thirtieth of 1 percent. High charges for money are a curse to mankind.

Farm land values were beaten down 30 percent in 10 years up to 1930. Farm-land taxes were increased nearly 50 percent in the same 10 years.

Living prices and a decent income for farmers were beaten down so low that most farmers are tenants now. In Iowa nearly 3 farmers in every 5 are tenants, as revealed by the Iowa Year Book of Agriculture for 1933, page 213. In the State of Georgia 7 in every 10 farmers are tenants.

Wall Street deflated everybody and grabbed all the cash.

Our greatest troubles began when Wall Street forced America into the World War to murder men for profits.

After the war Wall Street deflated to rob everybody.

Europe's after-the-war deflation spread all over America.

Deflation brought back the Dark Ages.

Congress voted to circulate $40,000,000,000 for Wall Street bankers to win the World War for the benefit of the bankers.

Men were killed to make the world safe for Wall Street.

Ten million farmers were told to increase crops.

Every farmer was told to increase production.

Money was loaned to farmers to increase mortgages.

Everybody was told to buy Liberty bonds "till it hurts."

Then what happened?

Farmers were marked to be ruined and were plowed under.

Foreclosures began. Bankers conspired and organized a secret program. They agreed:

First. To foreclose mortgages.

Second. To confiscate homes.

Third. To call loans and drop all farm values and other values.

Fourth. To deflate and deflate until hundreds of thousands of farmers and others were wiped out. Deflation caused strikes, riots, bloodshed, hunger, distress, crime, and starvation in the midst of plenty. Until these conditions have been corrected there can be no good times or prosperity in this Nation.

The challenge and decision goes to the people who elect Members of Congress.

THE FARMERS HAVE BEEN GRANTED A SHORT RESPITE BUT NOT RELIEF

Mr. BURDICK. Mr. Speaker, word came to the House this afternoon that the President had signed the Frazier-Lemke Bankruptcy Amendment Act and that means that the million farm homes in this country, now on the way to the auction block, will be saved for the time being. Without this act those farm homeowners would have been entirely defenseless and unprotected. Through this act, if taken advantage of by the farmers, the fatal sale day will be postponed, and thousands of farm homes in every State will rejoice tonight to know that for a short time, at least, they will be assured of their old homes.

WILLIAM LEMKE and his little band of Congressmen who fought day and night for this legislation can now get some sleep. It can, however, be nothing more than a little rest. The job is not finished. Permanent relief is the goal and along the way many more emergency attacks must be launched. Actual situations, and not theories, must be met and met quickly in order to prevent a million farmers from going on relief rolls, or requesting a share of the $4,880,000,000 appropriated to take the place of the dole system. In the drought area, where again this year the greatest crops in all the history of the Middle and Northwest States have been almost totally destroyed by black rust, we are met with the first actual problem. Wheat, badly rusted, weighing 40 pounds, and valued by the grain trade at 50 cents per bushel is now being delivered by the farmers to the elevators for market. The Farm Credit Administration has issued a ruling that 50 percent of the sale price must be paid over to

the Government to apply on feed and seed loans. The expenses of harvest and threshing will consume the balance of the price returns, and the farmer will get nothing out of his crop to carry his family over the winter.

The ruling of the Farm Credit Administration in this area must be recalled, and the farmer must be allowed to save enough out of his wrecked crops to carry his family over the winter. The Farm Credit Administration has assured me that they will be lenient and considerate, but the actual facts are that this crop is now being held by the Government, by orders to the elevators, until they can collect from the farmers. The Farm Credit Administration promise one thing and issue an order for an entirely different thing. The country ought to know this, and it is my purpose to let the country know.

What blind business direction! To take the crop away from the farmer, who is helpless, in order to collect a Government debt; then after it is collected, and the farmer is left without means to sustain his family, the Government will have to reexpend the money to feed the family. This may be brain-trust business, but it is as short-sighted and foolish as it is unnecessary and asinine.

If these farm homes are to be saved and the occupants allowed to continue as self-respecting and self-sustaining American citizens, help of the right kind at the right time is not only essential but absolutely necessary.

In addition to this we must look ahead. To hold up foreclosures and refrain from collecting debts is all right as far as it goes, but the time will come when the books must be balanced. We should provide the farmer with a program by which he can refinance himself and at least see a flicker of light in the far distance that will eventually open up to him the clear daylight of a fair and just finance system. We must still fight on for the Frazier-Lemke refinance bill. Two hundred and nine Congressmen have signed the petition to bring out this refinance bill, but it seems impossible to secure 218. This refinance bill will be an important issue in the next campaign, and I am sure farmers will not keep up the program of sending Congressmen here who will not support the farmer in his program.

The greatest deliberative body in the world, the Congress of the United States, should never have rules that will permit a few men to thwart the will of the people. That was never intended by the framers of the Government, but through the unbridled control by special privilege the rules are made to defeat rather than support the popular will of the people. Before the farmer's fight to extricate himself from unconscionable interest rates and unbearable taxes is over it will be necessary for the farmers to change their system of electing Congressmen. In the past they have been elected on promises. Those promises mean nothing. Hereafter they should be selected on their records, made in or out of Congress.

The farmer, too, must cooperate with labor. Of the 38,000,000 who voted for the office of President at the last election only 21 percent of the vote was cast by the farm population. The farmer must unite with labor and stay united. In this Congress the farm leaders have stuck with labor through thick and thin, but the same cannot be said for labor.

Two outstanding labor leaders of the House refused to sign the petition to bring in the Frazier-Lemke refinance bill. Unless labor can send different leaders here, then the effort of labor to associate with the farmers in a united program will utterly fail. I am sure that the CONGRESSIONAL RECORD will demonstrate beyond any semblance of contradiction that the farm leaders in Congress have been fair to all classes and especially so to labor.

Fundamentally, all the farmer now asks for, or ever did demand, was an equal opportunity. That equal opportunity has been taken away from him through acts of special privilege granted by Congress to other classes. What the farmer's real dream is that some day all special privileges will be revoked and that all classes shall have an equal opportunity to live and prosper under a Government such as was described by Abraham Lincoln in his speech at Gettysburg.

RADIO REGULATION OF THE POWER TRUST

Mr. CONNERY. Mr. Speaker, some time ago I addressed the House on the subject of radio and the monopoly of the networks made possible by the refusal of the Federal Communications Commission to recognize the need of educational, labor, religious, fraternal, and other organizations being permitted to secure licenses to operate radio-broadcasting stations.

Evidence of the discrimination which is in effect at the present time was recently called to my attention by the Secretary of the Los Angeles Central Labor Union, affiliated with the American Federation of Labor. That organization has directly and indirectly sought to obtain a franchise to operate a broadcasting station in Los Angeles. A hearing was recently held before an examiner of the Federal Communications Commission and, strange as it may seem, the examiner demanded of the applicants in addition to other material, a list of the contracts of all advertisers who will purchase time on the new radio station when (?) the franchise is granted by the Federal Communications Commission.

No such demand, so I understand, has ever been made upon any applicant for a radio-station license, and it is my belief that Members of Congress should be conversant with the onerous demands which are being made by the Federal Communications Commission on those who apply for a radio station broadcasting license when such applicants represent other than members of the Radio Trust or the Power Trust.

The Massachusetts Federation of Labor at its recent convention after carefully considering the monopoly of radio licenses possessed by the networks called upon the Congress of the United States to correct this condition and adopted unanimously the following resolution:

RESOLUTION 45—RADIO REGULATION

Whereas at the present time the Power Trust, through its influences and control, now is in a position through its domination of the Radio Trust, namely, the National Broadcasting Co., to mold public opinion; and

Whereas the National Broadcasting Co. and the Columbia Broadcasting System, which two networks dominate the radio-broadcasting field, organized company unions and denied to their workers the right to organize and to bargain collectively; and

Whereas while the Government itself is denied the right or the power of censorship, the Radio Trust exercises the power of censorship, in that nothing is permitted to be broadcasted unless O. K.'d by those in control of the various radio-broadcasting stations; and

Whereas, as a result of the diversion of advertising from newspapers and magazines to radio, not less than 40,000 printing-trades workers are deprived of the opportunities of employment at their trade; and

Whereas such conditions are detrimental to the best interests of the members of all trade unions: Therefore be it

Resolved, That we, the Massachusetts State branch, American Federation of Labor, in annual convention assembled, petition the Congress of the United States to enact legislation whereby the Government itself will exclusively control and operate all radiobroadcasting stations and that advertising on the radio be restricted to not more than 2 hours of each day; and be it further

Resolved, That our officers be instructed to send a copy of this resolution to Senators WALSH and COOLIDGE and to each of the Congressmen from this State, and that copies of this resolution be sent to each State federation of labor that they may do likewise.

It is my hope, Mr. Speaker, that the next session of Congress will enact H. R. 8475, presented by Mr. MONAGHAN, of Montana, which bill will eliminate the monopolistic control of radio now in the hands of a preferred few.

APPROPRIATIONS, FIRST SESSION OF THE SEVENTY-FOURTH CONGRESS

Mr. BUCHANAN. Mr. Speaker, I desire to present herewith for the information of the Members of the House, and others who may be interested in consulting them, a statement showing the appropriations made during the first session of the Seventy-fourth Congress, together with the permanent annual appropriations which are supplementary thereto for the fiscal year 1936. This statement does not include any amounts for private claims at this session, a total which is not yet available. It will eventually not exceed $1,000,000, and for the purposes of this review is inconsequential.

The following shows in summary form by appropriation acts the total of all appropriations, whether they are payable from the postal revenues, the processing taxes, trust-fund receipts, or other special receipts, as well as those that will be a charge upon the general revenues. It is the total of appropriations of all kinds:

Total appropriations, Seventy-fourth Congress, first session, exclusive of amounts for private claims, but including permanent appropriations

		Amounts
Regular annual acts:		
Department of Agriculture and Farm Credit Administration		$125, 157, 983. 14
District of Columbia		40, 547, 115. 00
Independent offices		777, 501, 956. 00
Interior Department		61, 220, 928. 00
Legislative establishment		20, 746, 760. 00
Naval Establishment and Navy Department		458, 684, 379. 00
State, Justice, Commerce, and Labor:		
Department of State	$14, 013, 895. 00	
Department of Justice	34, 556, 500. 00	
Department of Commerce	34, 631, 500. 00	
Department of Labor	15, 360, 000. 00	
		98, 561, 895. 00
Treasury and Post Office:		
Treasury Department	175, 786, 109. 00	
Post Office Department	727, 849, 569. 00	
		903, 635, 678. 00
War Department:		
Military activities	341, 348, 204. 00	
Nonmilitary activities	60, 649, 966. 00	
		401, 998, 170. 00
Total, regular annual acts		2, 888, 054, 864. 14
Emergency Relief Appropriation Act of 1935		[1] 4, 000, 000, 000. 00
First Deficiency Appropriation Act, fiscal year 1935		112, 633, 830. 42
Second Deficiency Appropriation Act, fiscal year 1935		272, 901, 233. 50
Total, deficiency and emergency appropriation acts		[1] 4, 385, 535, 063. 92
Miscellaneous acts carrying appropriations		[2] 99, 589, 488. 59
Total appropriated during the present session		[1] 7, 373, 179, 416. 65
Permanent appropriations occurring each year without annual action by Congress under laws previously enacted:[3]		
Interest on public debt	$875, 000, 000. 00	
Public debt retirement funds (from ordinary receipts)	636, 434, 000. 00	
Advances to Agricultural Adjustment Administration (offset by processing taxes)	570, 000, 000. 00	
Trust fund accounts	97, 522, 027. 00	
All other	21, 235, 100. 00	
Total, permanents		2, 200, 191, 127. 00
Grand total		[1] 9, 573, 370, 543. 65

From the foregoing table it will be noted that the gross total of all appropriations is $9,573,370,543.65. Of this sum approximately $125,000,000 is for the fiscal year 1935 and prior fiscal years, and the remainder is on account of the fiscal year 1936.

The Emergency Relief Appropriation Act of 1935 carried a direct appropriation of $4,000,000,000 for relief, work relief, and for public projects for the furnishing of employment. In addition to the direct appropriation, there was reappropriated not to exceed $380,000,000 from balances in previous appropriations for like purposes, and a further sum of $500,000,000 was made available from any savings or unexpended balances in funds of the Reconstruction Finance Corporation. The $380,000,000 from previous balances has already been included in statements of total appropriations heretofore made, and is therefore not susceptible of being counted again. The $500,000,000 made available from R. F. C. funds is kindred to a new appropriation.

The stated total of appropriations of $9,573,370,543.65, combined with the amount made available from the R. F. C. of $500,000,000, makes a total of $10,073,370,543.65. This is a large amount and needs analysis, so that those who look only at the aggregate may understand something of its purposes. Considerably more than half of it is for emergency and relief expenses.

Included in this amount is the total of $4,500,000,000 from the Emergency Relief Appropriation Act of 1935, which became a law in April of this year. Everyone is familiar with its laudable purpose. The amount is designed to take from the relief rolls and give employment to 3,500,000 persons and to furnish relief during the period that projects are getting under way to furnish the employment. It encompasses projects of every public character for Federal, State, and local government purposes, and is expendable over 2 fiscal years. A considerable portion of the amount is available for loans by the Public Works Administration to be returned with interest.

Other sums in this total of appropriations are chargeable against special receipts of different kinds. The Budget carries an estimate of $645,000,000 of postal revenues against which the major portion of postal appropriations will be a charge. Items totaling $97,522,027 of trust-fund appropriations are chargeable against trust-fund receipts. The sum of $570,000,000 for advances to the Agricultural Adjustment Administration is estimated to be offset by the collection of processing taxes of an equal amount. Public-debt retirements from ordinary receipts automatically increase under the provisions of the sinking-fund law and such appropriations are estimated at $636,434,000. A special fund amounting to a sum equal to 30 percent of the duties from customs is made available to enable the Secretary of Agriculture to assist and relieve agriculture. It is estimated that this will amount to $86,913,738.59 for the fiscal year 1936.

Taking all these sums into consideration, there will remain in the total of appropriations after they have been deducted a net amount of $3,537,500,778.06 for all other purposes and activities of government.

For convenience the gross total and these sums are set forth in the following table:

[1] In addition to this sum for relief purposes, $500,000,000 was made available from any sayings and unexpended balances of funds of Reconstruction Finance Corporation and $380,000,000 from previous balances of appropriations.

[2] Of this sum, $96,913,738.59 is appropriated in the act amending the Agricultural Adjustment Act, consisting of $10,000,000 for eradication of tuberculosis and Bang's disease in cattle and $86,913,738.59 (equal to 30 percent of duties from customs for calendar year 1934) for agricultural adjustment and relief.

[3] Amounts which are indefinite in character are estimated as of dates prior to the submission of the Budget in January 1935.

Seventy-fourth Congress, first session

Total appropriations, including the sum of $500,000,000 for relief made available from R. F. C. funds		$10,073,370,543.65
Less:		
Postal Service (portion payable from Postal revenues)	$645,000,000.00	
Public-debt retirement funds (payable from ordinary receipts)	636,434,000.00	
Advances to Agricultural Adjustment Administration (offset by processing taxes)	570,000,000.00	
Trust-fund appropriations (payable from trust fund receipts)	97,522,027.00	
Relief, work relief, and public projects to increase employment, including $500,000,000 from R. F. C. funds	4,500,000,000.00	
Special fund for agricultural adjustment and relief (equal to 30 percent of duties from customs for calendar year 1934)	86,913,738.59	
		6,535,869,765.59
Total remaining appropriations for all other purposes, Seventy-fourth Congress, first session		3,537,500,778.06

Mr. Speaker, the last complete session of Congress when the Republican Party was in control of all branches of the Government was the third session of the Seventy-first Congress. The total of appropriations stated for that session, including the permanent appropriations supplementary thereto, was $5,178,524,967.95. If there be deducted from this sum the portion of postal appropriations chargeable against the postal revenues, the amounts chargeable against trust-fund receipts, the automatic public-debt-retirement funds chargeable against ordinary receipts, and an estimated amount for emergency and relief, there will remain a total for all other purposes of $3,608,903,916.95. This sum is comparable with the sum in the preceding table for this session of $3,537,500,778.06.

The following table shows the total appropriations for the third session of the Seventy-first Congress:

Seventy-first Congress, third session

Total appropriations, Seventy-first Congress, third session		$5,178,524,967.95
Less:		
Postal Service (portion payable from postal revenues)	$695,000,000.00	
Public-debt retirement funds (payable from ordinary receipts)	468,509,905.00	
Trust-fund appropriations (payable from trust fund receipts)	95,111,146.00	
Emergency and relief (estimated)	311,000,000.00	
		1,569,621,051.00
Total remaining appropriations for all other purposes, Seventy-first Congress, third session		3,608,903,916.95

Mr. Speaker, in a recent press statement my colleague the gentleman from New York [Mr. TABER] predicted that by the end of the fiscal year 1936 the public debt of the United States would be $40,000,000,000. On the basis of estimates made at the time the Budget was submitted in January last, the estimated debt at the end of this fiscal year would be approximately $34,000,000,000. It is my hope that it will be less than that. With improved business conditions in the country and consequent increased Government revenues and more employment and a lessened need for Government expenditure for relief from unemployment, I sincerely believe that it will not be necessary to expend all of the funds that were estimated to be expended for emergency purposes. To the extent that this is possible the anticipated deficit and consequent estimated total debt will be lessened. This same statement gave the total of appropriations for the third session of the Seventy-third Congress at more than eleven and a half billion dollars, a figure which exceeds the actual total by more than three and a half billion dollars.

The session just closed has been a momentous one. The effects of the depression and its consequent unemployment and paralyzing economic conditions are still upon us. Progress is being made toward recovery in substantial form. Large appropriations and expenditures have been necessary for emergency purposes. At the coming session the appropriations must be materially reduced and if possible the Budget balanced.

EMERGENCY RELIEF IN PUERTO RICO

Mr. GRAY of Indiana. Mr. Speaker, while I have not supported all appropriations brought before this House for approval, I will support the bill no. 3140, Senate, for the relief of the Puerto Rican people suffering from insanitary conditions. This bill is opposed on the grounds that the appropriations will go to a mixed colored race and not wholly to a white population. This will be a reason for my support. The colored people of Puerto Rico were brought to the Western Hemisphere by white men, who have assumed the responsibility for their condition. And under our form of government they are entitled to every consideration which can be claimed by other classes.

I do not know the reason why we hold Puerto Rico, with their so-called "mixed and colored" population. But while we hold these islands we are duty bound to provide for the welfare of their colored population the same as other parts of the population.

This bill does not increase appropriations one dollar. It is only to make a part of appropriations already made available to be used in Puerto Rico. This is to provide relief from hurricanes, pestilence, and famine, and to restore conditions in the island to normal.

Ethiopia stands out today before the nations of the earth representative of the colored races, and, as a nation and people, commands not only the respect but is claiming the sympathy and concern of the civilized people of the world. It is the universal desire and hope that these struggling primitive people, emerging from thraldom and servitude, be encouraged, aided, and allowed to work out their own destiny as a race of people of the earth, free from interference or exploitation or the domination of other races.

Let it be said to the credit of the colored race, taking advantage and following the examples of others emerging from a primitive state, they are making greater and more rapid progress in the arts of peace and civil life than other races in a given time and are far on the way to a higher plane of life.

And this appropriation for sanitation, for the eradication of germ-infested conditions, and to lift the level of the colored race, will appeal to every philanthropic breast as a cause worthy and deserving, as an appropriation for other people.

It may have been a mistake for this country to have acquired and held jurisdiction of the island of Puerto Rico, but having assumed this obligation we cannot absolve ourselves from the duty by denouncing responsibility for a mixed or colored race. Under our form of government they are entitled to every consideration accorded to other people.

During the course of the depression it was generally observed that, comparatively, a less number of colored people are supported on the relief rolls than the number drawing relief by white people. In the sphere in which they live and move and have their being, the colored people are industrious and thrifty, they meet their public obligations with more than equal promptness, and their loyalty and patriotism is always above question and apprehension.

My grandfather was mobbed in Indiana in 1856 for preaching the abolition of slavery, for declaring slavery was the sum

of all villainies, and predicting that the colored people would prove worthy of their liberty and freedom and of confidence, if reposed in them. For this reason I realize a pride of vindication in the industry and thrift of colored people and their progress and advancement made in the arts of peace and civil life.

MILITARY ORDER OF THE PURPLE HEART

Mr. FENERTY. Mr. Speaker, although we are in the closing hours of the session, I believe that the worthiness of the bill now under consideration should prompt its immediate passage. Let me call to the attention of the Members of the House the fact that the present bill has already been passed by the Senate, after its introduction by Senator BARBOUR. At the request of the members of the Military Order of the Purple Heart, I introduced a similar measure in this House early in the session. Since the Barbour bill to incorporate this splendid veterans' organization is now before us, I urge for it your full and whole-hearted support. This measure is identical with that which I introduced and its passage will serve the same purpose as if the House bill were enacted. As you gentlemen realize, this measure incorporates a group of veterans who not only served their country in battle but who were also wounded in the line of military duty. No possible harm can be caused to any other veterans' organization by the recognition of the courage and valor which the members of the Military Order of the Purple Heart have displayed in the defense of liberty.

Any arguments which I might make in defense of my own bill are equally applicable to the measure now under consideration. I therefore urge, on behalf of the members of the Military Order of the Purple Heart, that the Members of the House support this bill, even though the President, with his usual attitude toward the veterans, will probably veto it.

CONSERVATION AND USE OF NATURAL RESOURCES

Mr. GRAY of Indiana. Mr. Speaker, the world was made for all the people and not for a certain special few. Every child born into the world inherits a part of its surface and substance, enough upon which to live and labor to live, and which inheritance it takes and holds by a natural, higher, and superior title.

By this higher law, inheritance, and title, whenever by strategy, manipulation, or intrigue a few men obtain claim and possession of such greater and unequal part of the earth that others are left without sufficient ground upon which to live and move and have their being, then such man, woman, or child dispossessed has a natural right to appeal to the higher law, the law of nature and human necessity, and to maintain ejectment proceedings to vindicate and recover possession and claim his higher and superior title to live upon the earth, to breathe its air, to drink its waters, and eat its fruits accordingly as he is willing to work and labor.

This higher law and natural right to live upon the earth carries with it certain incidental rights, the right to labor to live, the right to enjoy the fruits of that labor, and all the wealth of the world for the happiness and well-being of man.

This is not only a beautiful world, with silvery streams and rivulets, with plains, valleys, hills, and mountains of varying forms and heights, with forests and different plant life, profuse, resplendent with colors brilliant and gorgeous, and all painted by the hand of the artist designing the glow and tints of the morning sunrise and the sunset hours, and the star-decked canopy of the nighttime set with a thousand jewels of the sky. But this is a bountiful world, yielding in great abundance, prolific of all the fruits, grains, and viands, and all the delicacies and staple food products for the use and enjoyment of man.

And by means of storage and refrigeration all these are held and preserved in pure and perfect consumable state, without loss, waste, or deterioration, long beyond their natural seasons. And supplementing all this, increased transportation facilities have brought the products of every clime within the reach and enjoyment of the people of every land. And if all was justly apportioned accordingly as men contribute their labor to produce and prepare for use and enjoyment, every man who is willing to labor and toil would not only enjoy the bare necessaries but the comforts, conveniences, and luxuries of life in plenty and great abundance as well.

But over and above the fruits of the earth the world abounds in latent powers and resources, lying dormant, awaiting development, waiting the touch of the hand of man to awaken forces and energies untold, all to be harnessed for the use and enjoyment of the inhabitants of the earth as a part of their natural birthright and inheritance.

The rivers and streams with their falling waters are a part of the natural wealth of the earth, inherited by the people born into the world and the blessings of which they are entitled to enjoy and use from the copious bounties provided by nature. The natural water powers and latent resources, the powers of the elements, and the natural energies of the earth are a part of the people's inheritance which they take with the right to inhabit the world into which they are born. And it is the duty of governments, it is the object and purpose of governments, in the exercise of their sovereign powers to conserve this natural inheritance for the use and enjoyment equally for all.

The conservation of natural resources means the policy of holding nature's wealth for the use and benefit of all the people, and will make every rippling river, every murmuring stream, every onward-flowing current, every rushing mountain torrent, every swelling tide of the sea a force, a factor, a power to work and serve the wants and needs, the convenience, happiness, and welfare, contributing to the enjoyment of men, and to make the earth a Canaan of plenty and great abundance, a veritable paradise of dazzling glory, of light, colors, and illumination, as well as for power and for useful service.

By science, discovery, and invention these great latent powers of the elements, the falling waters of the streams, the ebb and flow of the resistless tide, the electric forces from the air, the pent-up oils and gases struggling for freedom and release, held in the bowels of the earth, are all to be harnessed and controlled for the use and service of man, and are to be transported for distribution and apportioned to and among all the people by a network of lines and conduits carrying these powers and energies many hundreds of miles, far distant from the place or location of their development. And all these services are to be provided to lessen and lighten the burdens of the daily tasks of the people and to make the days longer for pleasure and useful occupation and to carry the daytime into the night for greater happiness and enjoyment of life.

But while laboring men and the toiling masses have largely contributed to this devolopment and to the inventions and discoveries making available the natural wealth of the world for the use and enjoyment of all the people, these developments of nature's resources, of the natural wealth of the world, are being scrutinized, watched over, and observed, not to make the services available for use free of the burdens of excessive profit and gain and at the lowest cost of production and distribution, but are watched over to be seized upon for levy and exaction from the people for sordid gain, profit, and advantage, and to burden to the limit of endurance the people to pay exacting tribute for the enjoyment of their own natural wealth, their rightful inheritance of the earth. Already the struggle is on for the fight to control the production and the distribution and apportionment of these great natural resources of the earth, made available for the use and enjoyment of man by science, invention, and discovery, and from which to exact from the people tribute for the right to use their own wealth, the inheritance rightfully in nature their own.

There was a time when the individual man was more assured and independent to live, to use, and enjoy the vital necessaries of life, a time when he could range the valley free, to gather and take the fruits of the earth for food, to quench his thirst for water from the spring, and to breathe the open air with freedom. But increasing population has changed all this and made his existence more and more precarious and more and more dependent upon his fellow man

for some part of the vital necessaries of life, for light, heat, power, and water to live. This increasing dependency of the individual man has brought new problems before society, has enjoined new and greater duties to be observed and discharged by governments, and new and greater services required performed to assure and safeguard men in their natural rights to live upon the earth and use the vital necessaries.

The right to live upon the earth is not more vital than the right to take, use, and enjoy the necessaries of life. The monopoly of these vital necessaries, of the natural wealth and fruits of the earth is not only a restraint upon human welfare but upon the very right of man to live. In this advanced age of specialized industry and our organized social order these services of light, heat, power, and water have become a part of the vital necessaries which the people require furnished them to live. And they are entitled to their use and enjoyment as a part of their natural inheritance, free from the burdens of dividends and exacting tribute and at the actual cost of production and distribution.

All just man-made laws are enacted in aid of natural laws and to apportion the wealth of the world, the inheritance of all the people, out among men for their use and enjoyment. And to this object, purpose, and end, laws are made to enable the people to cooperate for their enjoyment and use of light, water, heat, and power, and for other necessaries and comforts of life which they can provide more advantageously by united or cooperative efforts under the form of their own local governments.

With the natural wealth of the world held free from monopoly by the certain special few, and conserved to the use of all the people, light, heat, and power can be developed from the falling streams of water and all can be carried and distributed to every hamlet and farm home in the land, all the rural population can be furnished and enjoy the same service for their convenience and comfort as the people living in the towns and cities, and at a cost low and reasonable and within the reach of every family. And from such low and reasonable charges under cooperation or public ownership, the earnings and income over cost of production and the distribution of service to the patrons, such surplus earnings and income have been and are now being used in many places to defray the expenses of local governments and to reduce their burdens of taxation. These powers and uses may be developed and these services may be distributed directly by the people themselves acting collectively under the forms of their own town, city, and county governments, or, where effective competition exists to safeguard against burdensome charges, these services may be properly provided by grant of franchise to private-utility corporations under ordinances assuring reasonable rates and charges.

WORK OF THE POST OFFICE COMMITTEE, FIRST SESSION SEVENTY-FOURTH CONGRESS

Mr. MEAD. Mr. Speaker, for the benefit of the Members of the House, I should like to submit a summary of postal legislation considered by the Committee on the Post Office and Post Roads during the first session of the Seventy-fourth Congress.

The following bills were reported favorably by our committee, passed by the House and Senate, and signed by the President:

BILLS AND RESOLUTIONS ENACTED INTO LAW

H. R. 3612 (Public Law No. 249). To provide for adjusting the compensation of post-office inspectors in charge to correspond to the rates established by the Classification Act of 1923, as amended

The purpose of this act is to permit of the adjustment of compensation of post-office inspectors and inspectors in charge in the post-office inspection service to correspond with the rates established by the Classification Act for positions in the departmental service in the District of Columbia, and will provide more adequate grading and salary, commensurate with ability and experience.

H. R. 5049 (Public Law No. 338). Providing punishment for forging or counterfeiting any postmarking stamp

This act makes it an offense, punishable by fine and imprisonment, to forge or counterfeit postmarking stamps or impressions thereof with the intent of making them appear to be genuine. The need for safeguarding postmarking stamps has both legal and philatelic significance.

H. R. 5159 (Public Law No. 317). To authorize the Postmaster General to contract for air mail service in Alaska

This act gives the Postmaster General authority to contract, in his discretion, for the carriage of all classes of mail in the Territory of Alaska by airplane. It will aid in developing Alaska and provide a speedier means of communication not only to the interior of the Territory but also between the Territory and the States.

H. R. 5162 (Public Law No. 339). Providing for punishment for attempts to obtain mail by fraud or by deception

Under this act the penalty for stealing mail is extended so as to cover attempts to obtain mail by fraud or deception.

S. 932–H. R. 5218 (Public Law No. 12). Authorizing the Postmaster General to extend certain air mail contracts for a further period not exceeding 6 months

This act merely extended the date in section 15 of the Air Mail Act of June 12, 1934, as amended, so as to give the air mail operators further time in which to comply with the restrictions upon the holding of air mail contracts on primary routes.

(NOTE.—The title to the above was amended by Senate Concurrent Resolution 10 so as to read: "An act to postpone the effective date of certain restrictions respecting air mail contracts.")

H. R. 5360 (Public Law No. 340). Providing for punishment for the crime of robbing or attempting to rob custodians of Government moneys or property

The purpose of this act is to bring within the provisions of the Penal Code the crime of robbing or attempting to rob custodians of Government moneys.

H. R. 5540 (Public Law No. 341). Extending the period during which no demurrage is charged on collect-on-delivery parcels and excepting the imposition of demurrage charged on collect-on-delivery parcels exchanged between the continental and island possessions

This act extends the free storage period on C. O. D. parcels from 15 to 20 days. It further specifies that no demurrage shall be charged on C. O. D. parcels exchanged between post offices in continental United States and post offices in the Territories and island possessions of the United States.

S. 1539–H. R. 6374 (Public Law No. 118). Relating to undelivered parcels of the first class

This act is to compensate the Post Office Department, through the authorization of the collection of fees, for the return of valuable letters and parcels to the senders.

H. R. 6511 (Public Law No. 270). To amend the air mail laws and to authorize the extension of the Air Mail Service

This act permits air mail route extensions up to 250 miles and an extension in the national air mail system from 29,000 miles to 32,000 miles. It classifies routes, directs the Interstate Commerce Commission to examine the accounts of air mail contractors and fix the rates of compensation, and provides for safeguarding the rights of pilots.

H. R. 6717 (Public Law No. 174). To amend section 1 of the act of July 8, 1932

Under this act the offense of mailing extortion letters is indictable and the prosecution maintainable at the place of delivery of the letters, as well as at the place of mailing.

H. R. 6990 (Public Law No. 275). To fix the hours of duty of postal employees, and for other purposes

This act is commonly known as the "40-hour work week bill for postal employees." It provides a shorter work week for supervisory employees, special clerks, clerks, and laborers in first- and second-class post offices, employees of the motor-vehicle service, carriers in the City Delivery Service, and in the village delivery service, employees of the Railway Mail Service, clerks at division headquarters of post-office inspectors, employees of the stamped-envelope agency, employees of the mail-equipment shops, and cleaners, janitors, telephone operators, and elevator conductors paid from appropriations of the First Assistant Postmaster General, and all employees of the custodial service except charwomen and charmen and those working part time.

H. R. 7709 (Public Law No. 366). To provide time credits for substitute laborers in the post office when appointed as regular laborers

The purpose of this act is to give watchmen, messengers, and laborers in the Postal Service credit for time served as substitutes, so that when they are appointed to regular positions such substitute service may be computed in determining their proper grade.

H. R. 8790 (Public Law No. 322). To amend section 6 of the act of February 28, 1925

A $4,300 grade for superintendents in the motor-vehicle service is created by this act, and the former top grade of $5,000 abolished.

S. Con. Res. 10. (See S. 932 and H. R. 5218)

S. J. Res. 92 (Public Resolution No. 24). Making final disposition of records, files, and other property of the Federal Aviation Commission

The purpose of this resolution was to bring about the closing and disposition of all records, files, and accounts of the temporary Federal Aviation Commission following the completion of the Commission's studies and the making of its report to Congress.

One other postal bill, S. 1439, was passed by both Houses, but failed of enactment:

S. 1439. Amending the postal laws to include as second-class matter religious periodicals publishing local information. (Vetoed by the President.)

The purpose of this bill was to give religious organizations the privilege of mailing publications of local interest at the second-class rates of postage.

The following bills were reported favorably to our committee, passed by the House, and are now pending before the Senate Post Office Committee:

H. R. 1993. Giving superintendents at classified post-office stations credit for substitutes serving under them

The proposed legislation contemplates that all substitute service be credited to a station in determining the compensation of superintendents, their salaries being based upon the number of employees assigned to the station and the postal receipts.

H. R. 4036. For the relief of Ralph C. Irwin

H. R. 4450. To provide for the appraisal of the pneumatic mail tube systems in New York and Boston

This bill directs the Postmaster General to provide for an appraisal by competent engineers of the properties comprising the pneumatic mail tube systems in New York and Boston.

H. R. 5596. Granting equipment allowance to third-class postmasters

This measure is intended to correct the injustice and unbusinesslike practice of requiring approximately 8,000 postmasters of the third class to provide fixtures and equipment for use in the post offices at their own expense.

H. R. 5723. To give certain railway postal clerks the same time credits for promotion purposes as were given others who were promoted on July 1, when automatic promotions were restored

Approximately 550 terminal clerks are affected by this bill and will be promoted to grade 5 if it is enacted into law. It applies to those clerks who had earned their promotions but were prevented from being advanced in grade by the economy acts and later the Terminal Reclassification Act.

H. R. 7506. To provide for a stenographic grade in the offices of Chief Clerk and Superintendent in the Railway Mail Service

The purpose of the above bill is to define clearly the position of stenographer in the offices of Chief Clerk and Superintendent in the Railway Mail Service.

H. R. 7688. To provide for the appointment and promotion of substitute postal employees, and for other purposes

The bill has four objectives: (1) To give experienced substitutes in the Postal Service a higher rate of pay; (2) to promote substitutes to regular positions; (3) to give substitutes sick and annual leave; and (4) to establish fixed ratios between the number of substitutes and the number of regular employees in each office.

H. R. 7936. To adjust the salaries of rural letter carriers, and for other purposes

Additional compensation for rural letter carriers serving heavily patronized routes is provided in the above measure. It also extends the operation of the savings clause, limiting salary reductions in the event of transfer to another route.

H. R. 8002. To increase the compensation of letter carriers in the village delivery service

The bill provides increased compensation for both the regular and the substitute village letter carriers.

H. R. 8369. Relating to laborers in the Railway Mail Service and motor-vehicle employees of the Postal Service

This bill is to protect the rank and pay of railway mail laborers and motor-vehicle employees who are transferred temporarily to another branch of the Postal Service.

H. R. 8730. To provide special rates of postage on reading matter and sound-reproduction records for the blind

The purpose of the bill is to extend to certain magazines or periodicals for the blind the cent-a-pound rate of postage.

H. R. 8869. To amend sections 181 and 186 of the Criminal Code

This measure is to amend the so-called "private express statutes" in order to protect the governmental monopoly of the carriage of letters.

The following bills were reported favorably by our committee and are pending on the calendars of the House:

H. R. 2793. To amend the provisions of laws relating to appointment of postmasters

This proposed amendment to existing law regarding the appointment of postmasters gives the Postmaster General the right to appoint an acting postmaster upon the expiration of the term of any postmaster.

H. R. 8541. For payment of compensation to persons serving as postmaster at third- and fourth-class post offices

This proposed legislation is for the purpose of compensating persons who perform the duties of postmaster in cases of emergencies and pending the designation of an acting postmaster.

In addition to the above, the following resolutions were acted upon by the committee and tabled by the House:

H. Res. 76. Requesting information from the Postmaster General.

H. Res. 81. Directing the Postmaster General to furnish certain information to the House of Representatives.

H. Res. 181. Calling on the Postmaster General for information concerning contracts for transportation of mail by airplane.

H. Res. 332. Directing the Postmaster General to furnish information respecting alleged violation of the postal laws by the Federal Housing Administration.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn until Monday morning at 12 o'clock noon.

The motion was agreed to.

Accordingly (at 11 o'clock and 47 minutes p. m.), the House adjourned until Monday, August 26, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

489. A letter from the Secretary of War, transmitting, pursuant to sections 1 and 4 of the River and Harbor Act approved January 21, 1927, the Flood Control Act of May 31, 1934, and section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated July 26, 1935, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Arkansas River and tributaries, for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H. Doc. No. 308); to the Committee on Rivers and Harbors and ordered to be printed with illustrations.

490. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the District of Columbia for the fiscal year 1936 in the amount of $125,000 (H. Doc. No. 309); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BURDICK: Committee on Indian Affairs. S. 1793. An act 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 (45 Stat. L. 602); with amendment (Rept. No. 1902). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. H. R. 1401. A bill to authorize the erection of a tablet in the Washington Monument in honor of those who served in the armed forces of the United States during the World War; with amendment (Rept. No. 1905). 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. KENNEDY of Maryland: Committee on Claims. S. 3137. An act for the relief of Pauline McKinney; with amendment (Rept. No. 1904). 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. YOUNG: A bill (H. R. 9246) to require that each officer of the Army, Navy, and Marine Corps shall wear the uniform of his service while on duty; to the Committee on Military Affairs.

By Mr. CARTWRIGHT: A bill (H. R. 9247) to grant to the citizens of the Choctaw and Chickasaw Tribe of Indians, recognized as members of the several tribes of Indians of the Five Civilized Tribes of the State of Oklahoma, the right, freedom, and liberty to create and organize a commission, and for other purposes; to the Committee on Indian Affairs.

By Mr. KELLER: A bill (H. R. 9248) to improve the navigability and provide for the flood control of the middle Mississippi River; to provide for the reforestation and the use of marginal lands, and for the agricultural and industrial development of the middle Mississippi River Basin; to provide for the conservation and utilization of the coal and other fuel resources of such basin in cooperation with the municipalities, counties, districts, and other political subdivisions of the States therein; and for the development of electrical power in such basin; and for other purposes; to the Committee on Flood Control.

By Mr. PEARSON: A bill (H. R. 9258) to create United States Civil Service boards of appeals; to the Committee on the Civil Service.

By Mr. DISNEY: A bill (H. R. 9259) establishing the National Academy of Public Affairs; to the Committee on Education.

By Mr. RAMSPECK: A bill (H. R. 9260) to provide for the extension of the Classification Act of 1923, as amended, to the field services and other establishments of the Government; to amend the Classification Act of 1923, as amended; and for other purposes; to the Committee on the Civil Service.

By Mr. DISNEY: A bill (H. R. 9261) to amend section 10 of the act of March 20, 1933, entitled "An act to maintain the credit of the United States Government", and designated as Public Law No. 2, of the Seventy-third Congress; to the Committee on Expenditures in the Executive Departments.

By Mr. COLE of Maryland: Joint resolution (H. J. Res. 407) consenting to an interstate oil compact to conserve oil and gas; introduced and passed.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CRAVENS: A bill (H. R. 9249) to provide for a preliminary examination and survey of the Little Missouri River in Pike County, Ark., to determine the feasibility of cleaning out the channel and leveeing the river and the cost of such improvements with a view to the controlling of floods; to the Committee on Flood Control.

Also, a bill (H. R. 9250) to provide for a preliminary examination and survey of the Petit Jean River in Scott and Logan Counties, Ark., to determine the feasibility of cleaning out the channel and leveeing the river and the cost of such improvements with a view to the controlling of floods; to the Committee on Flood Control.

By Mr. DISNEY: A bill (H. R. 9251) for the relief of Marion S. Williams; to the Committee on Military Affairs.

By Mr. HARTLEY: A bill (H. R. 9252) granting the Purple Heart to William J. Murphy; to the Committee on Military Affairs.

By Mr. REED of New York: A bill (H. R. 9253) granting an increase of pension to Lorena M. Haskins; to the Committee on Invalid Pensions.

By Mr. STEFAN: A bill (H. R. 9254) authorizing the county of Dakota, State of Nebraska, to construct, maintain, and operate a bridge across the Missouri River at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa; to the Committee on Interstate and Foreign Commerce.

By Mr. STUBBS: A bill (H. R. 9255) for the relief of Amanda Vickers Boyd; to the Committee on Pensions.

By Mr. WOLVERTON: A bill (H. R. 9256) granting an increase of pension to Anna M. W. Diggles; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9257) for the relief of Louise D. Goldsberry; to the Committee on Claims.

SENATE

MONDAY, AUGUST 26, 1935

(Legislative day of Monday, July 29, 1935)

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the bill (S. 2324) to incorporate the Military Order of the Purple Heart.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 1575. An act for the relief of John S. Cannell, deceased;

H. R. 1912. An act for the relief of William J. Ryan, chaplain, United States Army;

H. R. 3109. An act for the relief of Herman W. Bensel;

H. R. 3149. An act to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi division, to determine the claim of Mrs. L. B. Gentry;

H. R. 4567. An act for the relief of Robert E. Callen;

H. R. 4770. An act for the relief of Elinora Fareira and Mearon Perkins;

H. R. 5097. An act for the relief of Mary E. Lord;

H. R. 5521. An act for the relief of Frank Williams;

H. R. 5750. An act for the relief of Mary Brown Raley;

H. R. 6250. An act to amend the National Defense Act;

H. R. 7140. An act for the relief of the Bell Oil & Gas Co.;

H. R. 8133. An act to authorize certain homestead settlers or entrymen who are disabled World War veterans to make final proof of their entries, and for other purposes;

H. R. 8444. An act to authorize the transfer of a certain military reservation to the Department of the Interior; and

H. R. 8870. An act to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes.