propriate necessary funds for returning Paul Redfern from the jungles; to the Committee on Appropriations.

10256. By Mr. PFEIFER: Telegram of M. C. Keveny, president, Local 4, National Federation Federal Employees, New York City, concerning annual and sick leave bills; to the Committee on the Civil Service.

10257. By Mr. SADOWSKI: Petition of the directors of the Oil and Gas Association of Michigan, endorsing House bill 10483; to the Committee on Ways and Means.

10258. Also, petition of the Michigan Bakers' Association, Inc., protesting against any bill in Congress designed to impose any additional tax to replace the processing tax, whether retroactive or not; to the Committee on Ways and Means.

10259. By Mr. SCOTT: Petition of the Fontana Utopian Group, No. 72 A-12, opposing the exporting of any war materials or any such commodities which can be used to sustain a military organization of any foreign power which is waging a military campaign against another country or countries, and demanding the enforcement of the present embargo act, recently proclaimed by the President of the United States; to the Committee on Foreign Affairs.

10260. By Mr. SISSON: Petition of Joy MacLean and others of Sauquoit, Oneida County, urging the passage of the Kerr bill; to the Committee on Immigration and Naturalization.

10261. Also, petition of patrons of star route no. 7250, from Knoxboro to Oriskany Falls, N. Y., petitioning for enactment of legislation indefinitely extending all existing star-route contracts and increasing the compensation thereon to an equal basis with that paid for other forms of mail transportation; to the Committee on the Post Office and Post Roads.

10262. By Mr. STEFAN: Petition bearing the signatures of 59 citizens of Niobrara and Santee, Nebr., asking the Congress to enact legislation at this session to indefinitely extend all existing star-route contracts and increase the compensation thereon to an equal basis with that paid for other forms of mail transportation; to the Committee on the Post Office and Post Roads.

SENATE

TUESDAY, FEBRUARY 25, 1936

(Legislative day of Monday, Feb. 24, 1936)

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

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, February 24, 1936, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The PRESIDENT pro tempore. The clerk will call the roll.

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

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

Mr. LEWIS. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Florida [Mr. FLETCHER], and the Senator from Washington [Mr. BONE] are absent from the Senate because of illness, and that the Senator from Nevada [Mr. MCCARRAN], the Senator from New York [Mr. COPELAND], the Senator from New Jersey [Mr. MOORE], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Massachusetts [Mr. WALSH], the Senator from Kentucky [Mr. BARKLEY], the Senator from Idaho [Mr. POPE], the Senator from Rhode Island [Mr. GERRY], and the Senator from Illinois [Mr. DIETERICH] are unavoidably detained.

Mr. AUSTIN. I announce that the Senator from Minnesota [Mr. SHIPSTEAD] is necessarily absent.

The PRESIDENT pro tempore. Eighty-three Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 399. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia; and

S. 3035. An act to provide for enforcing the lien of the District of Columbia upon real estate bid off in its name when offered for sale for arrears of taxes and assessments, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to each of the bills (H. R. 8458) to provide for vacations to Government employees, and for other purposes, and (H. R. 8459) to standardize sick leave and extend it to all civilian employees; asked conferences with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RAMSPECK, Mr. SIROVICH, and Mr. LEHLBACH were appointed managers on the part of the House at the respective conferences.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 3254. An act to exempt certain small firearms from the provisions of the National Firearms Act;

H. R. 8886. An act to authorize the coinage of 50-cent pieces in commemoration of the sesquicentennial anniversary of the founding of the city of Columbia, S. C.; and

H. R. 10975. An act authorizing a preliminary examination of Marshy Hope Creek, a tributary of the Nanticoke River, at and within a few miles of Federalsburg, Caroline County, Md., with a view to the controlling of floods.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 9130) to authorize the incorporated city of Skagway, Alaska, to undertake certain municipal public works, and for such purpose to issue bonds in any sum not exceeding $12,000, and for other purposes, and it was signed by the President pro tempore.

PROPERTY IN CUSTODY OF DISTRICT PROPERTY CLERK

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 399) to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia, which were, on page 2, line 7, after the word "sale", to insert "having been retained by the said property clerk for a period of 3 months without a lawful claimant", and on page 2, line 7, after the word "shall", to insert "then."

Mr. KING. I move that the Senate concur in the House amendments.

The motion was agreed to.

ARREARS OF TAXES AND ASSESSMENTS IN THE DISTRICT

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 3035) to provide for enforcing the lien of the District of Columbia upon real estate bid off in its name when offered for sale for arrears of taxes and assessments, and for other purposes, which were, on page 3, line 11, to strike out "pass" and insert "enter"; and on page 4, line 18, after the word "by", to insert "the."

Mr. KING. I move that the Senate concur in the House amendments.

The motion was agreed to.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

VACATIONS FOR GOVERNMENT EMPLOYEES

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 8458) to provide for vacations to Government employees, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BULOW. I move that the Senate insist upon its amendments, accede to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. BULOW, Mr. MCKELLAR, and Mr. WHITE conferees on the part of the Senate.

SICK LEAVE OF CIVILIAN EMPLOYEES

The PRESIDENT pro tempore also laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 8459) to standardize sick leave and extend it to all civilian employees, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BULOW. I move that the Senate insist upon its amendments, accede to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. BULOW, Mr. MCKELLAR, and Mr. WHITE conferees on the part of the Senate.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate a cablegram in the nature of a petition from the local committee, Party Affirmation United Workers, of Guayama, P. R., praying for the confirmation of Benigno Fernandez Garcia as attorney general of Puerto Rico, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Bar Association of Savannah, Ga., favoring the enactment of House Joint Resolution 237, for the establishment of a trust fund to be known as the Oliver Wendell Holmes Memorial Fund, which was referred to the Committee on the Library.

He also laid before the Senate a resolution of the Parents and Teachers Association of Sheyenne, N. Dak., opposing all measures leading to war and fascism, which was referred to the Committee on Military Affairs.

He also laid before the Senate a letter in the nature of a memorial from Sheffield Grange, No. 1900, Patrons of Husbandry, of Ashtabula County, Ohio, remonstrating against the enactment of the bill (S. 1632) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by water carriers operating in interstate and foreign commerce, and for other purposes, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the bill (H. R. 6982) to amend section 80 of chapter 9 of an act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, reported it without amendment and submitted a report (No. 1608) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 3452) to amend an act entitled "An act authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes", reported it with an amendment and submitted a report (No. 1609) thereon.

He also, from the same committee, to which was referred the bill (S. 3301) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes, reported it with amendments and submitted a report (No. 1610) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. TOWNSEND:

A bill (S. 4093) for the relief of George E. Shockley (with accompanying papers); to the Committee on Claims.

By Mr. SCHWELLENBACH:

A bill (S. 4094) to provide for the transfer from the Treasury Department to the Navy Department of the property in Bremerton, Wash., known as the Navy Yard Hotel site; to the Committee on Naval Affairs.

By Mr. HARRISON:

A bill (S. 4095) granting the consent of Congress to the State Highway Commission of Mississippi to construct, maintain, and operate a free highway bridge across Pearl River at or near Monticello, Miss.; to the Committee on Commerce.

By Mr. CLARK:

A bill (S. 4096) granting a pension to Herbert Berger; and

A bill (S. 4097) for the relief of Wayne Alvis Suddith and Leona Bernice Suddith, and for other purposes; to the Committee on Finance.

By Mr. BULKLEY:

A bill (S. 4098) to promote the development of lighter-than-air craft; to the Committee on Naval Affairs.

By Mr. LOGAN:

A bill (S. 4099) to authorize the award of the Congressional Medal of Honor for distinguished service to Pleas Sanders; to the Committee on Military Affairs.

By Mr. McNARY and Mr. JOHNSON:

A joint resolution (S. J. Res. 218) authorizing an investigation by the Bureau of Fisheries of the California sardine (pilchard) fishing industry; to the Committee on Commerce.

HOUSE BILLS REFERRED

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

H. R. 3254. An act to exempt certain small firearms from the provisions of the National Firearms Act; to the Committee on Finance.

H. R. 8886. An act to authorize the coinage of 50-cent pieces in commemoration of the sesquicentennial anniversary of the founding of the city of Columbia, S. C.; to the Committee on Banking and Currency.

H. R. 10975. An act authorizing a preliminary examination of Marshy Hope Creek, a tributary of the Nanticoke River, at and within a few miles of Federalsburg, Caroline County, Md., with a view to the controlling of floods; to the Committee on Commerce.

CHANGE OF REFERENCE

On motion of Mr. SHEPPARD, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 4087) to provide for the purchase of General Grant's headquarters in Chattanooga, Tenn., and to include such headquarters in the Chickamauga and Chattanooga National Military Park, and it was referred to the Committee on Public Lands and Surveys.

PREVENTION OF UNFAIR TRADE PRACTICES—AMENDMENT

Mr. KING submitted an amendment intended to be proposed by him to the bill (S. 3154) making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases, and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by unfair competitors, which was ordered to lie on the table and to be printed.

REQUEST FOR RETURN OF AN ENROLLED SENATE BILL

Mr. THOMAS of Oklahoma. Mr. President, within the past few days the bill (S. 3227) to amend section 3 of the act approved May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931, having passed both bodies of Congress, was sent

to the White House for approval. It develops there is one word in error in the enrolled bill. The word "material" should be "mineral". It changes the entire meaning of the measure, because it has to do with the payment of taxes.

I submit a concurrent resolution and ask unanimous consent for its immediate consideration, the purpose being to withdraw the bill from the White House for further consideration by the Congress.

There being no objection, the concurrent resolution (S. Con. Res. 32) was read, considered, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 3227) to amend section 3 of the act approved May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931.

APPLICATION OF DISTRICT OF COLUMBIA TRAFFIC LAWS

Mr. KING submitted the following resolution (S. Res. 238), which was referred to the Committee on the District of Columbia:

Whereas it is alleged that there has been discrimination in the application and enforcement of the traffic laws and regulations of the District of Columbia; and

Whereas it is desirable that an investigation be made as to the existence of any such discrimination, either in favor of or against any person or class of persons; and

Whereas it is claimed that the traffic laws and regulations of the District of Columbia are inadequate to meet the traffic situation or are not being enforced to that end: Therefore be it

Resolved, That the Committee on the District of Columbia, or any duly authorized subcommittee thereof, is authorized and directed to make an investigation with a view to determining whether any discrimination exists in the application or enforcement of the traffic laws and regulations of the District of Columbia, and whether such laws or regulations should be amended to remove such discrimination, if any, or amended and strengthened in other respects. The committee shall make a report to the Senate at the earliest practicable date, and shall include in such report its recommendations for necessary legislation.

MATANUSKA VALLEY COLONIZATION PROJECT

Mr. DUFFY. Mr. President, a few days ago the junior Senator from Michigan [Mr. VANDENBERG] referred to the Matanuska colonization project. I happened to notice in a newspaper published at Rice Lake, Wis., a region from which a number of the colonists came, a letter in which the writer comments upon that project. One paragraph reads:

Thirty families have gone back to the United States so far and there will be a few more yet. What they want to go back for is more than I know. We get everything we want to eat and everything we need to wear, and what cash we get we don't have to spend for groceries or clothes, so I don't see anything to kick about.

I ask that as a part of my remarks the entire article may be printed in the RECORD.

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

[From the Rice Lake (Wis.) Chronotype of Feb. 19, 1936]

ALASKA WARM COMPARED TO OUR CLIMATE—"COME UP HERE", SAYS JOE DRAGSETH TO OLD FRIENDS WHO ARE SHIVERING—GOOD PAY AND GOOD LIVING CONDITIONS THERE, HE REPORTS

Whoever thinks of Alaska as the "refrigerator of the United States" during the present subzero weather in Rice Lake can take a tip from Joe Dragseth, one of the four Barron County farmers in the Matanuska Valley colonization project, and go to Alaska and enjoy the mild weather.

"We haven't had much winter weather yet," Mr. Dragseth writes to his mother, Mrs. Mary Dragseth, of Rice Lake. "We had about 4 inches of snow, but it is all gone now. Our coldest weather so far was 16 below zero, and that was before Christmas. Between Christmas and New Year's it was from 20° to 30° above zero, and for the past couple of days it has been from 40° to 50° above."

The letter, dated January 24 at Palmer, Alaska, continues in part:

"We have the house in pretty good shape now. We have one room to finish upstairs, and some painting to do. I am going to town tomorrow and try and get a carpenter to finish the work. I wish you could see the house we have here and the way it is furnished.

"We have the radio going now and are getting a program from Anchorage, which is about 40 miles away. We get the news from there every night at 10 o'clock. We can get stations along the west coast and Salt Lake City, and a couple of stations in Mexico.

"I have sold 40 cords of wood so far. We get $1 a cord cash and $1 in credit. Thirty families have gone back to the United States so far and there will be a few more yet. What they want to go back for is more than I know. We get everything we want to eat and everything we need to wear, and what cash we get we don't have to spend for groceries or clothes, so I don't see anything to kick about.

"I will have about 8 acres ready to break next spring and will put most of it into oats and peas for hay next winter. Oats and peas sowed together make good hay up here, and it sure does grow well. I have quite a lot of burnt-over land on my farm, so that makes it a lot better to clear."

CRITICISMS OF ADMINISTRATION—ADDRESS BY POSTMASTER GENERAL FARLEY

Mr. CLARK. Mr. President, I ask unanimous consent to insert in the RECORD an address delivered by Postmaster General Farley at a mass meeting of Democrats at St. Louis, Mo., February 21.

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

Ladies and gentlemen, I am glad to greet this fine audience tonight in a State where the Democratic doctrine of social justice has always found a fertile soil in which to flourish. When a Democrat gets to St. Louis, he knows right away that he's in friendly territory. There's something about this great region out here, something in the atmosphere, which spells welcome to the representatives of a political party which bases its policies upon the general welfare.

I come here tonight in a most unusual role. My purpose is to explain and defend the program and the record of the Roosevelt administration. This is the first time, within my memory at least, and I think most of you will say the same, when an administration has been called up to defend itself for restoring prosperity and putting money in the pockets of the people. Back in the dark days of 1932 there seemed to be a unanimous agreement in this country that it was time to stop talking and get things done. Now, our political foes are asking us to stop doing things and to sit around and talk about it. In fact, the radio air is filled with their constant chatter.

I think it was last December that the major spokesman for the opposition, Mr. Herbert Hoover, made a speech in St. Louis in which he made an amazing revelation. Mr. Hoover announced for the first time that in the summer of 1932 he had the depression licked only to have the Democrats come along and spoil it all. I think it was the most sensational knockout in history, and I'm wondering why he didn't let the people in on the secret before they went to the polls in the following November. You know, modesty can be overdone.

Yes; only a blind man or a deaf man could live unaware of the constant torrent of criticism which is being poured out against the Roosevelt administration by a part of the press, by members of the opposite political faith, and by selfish groups inspired by very doubtful motives. This campaign of criticism makes up in volume and bitterness what it lacks in honesty and good faith. I am not unmindful of the fact that fair criticism and justified criticism has been directed against the Roosevelt administration by sincere and honest-minded men and women in this country and by honest newspapers. We appreciate that fact and it has been decidedly helpful to President Roosevelt and other administration officials in the consideration of their problems.

But this constructive criticism has been buried in large measure under the barrage of partisan, biased, and bitter attacks emanating from those who have profited most by the New Deal measures. Strangely enough, the men who are making the most money under the New Deal are complaining the most.

The Republican National Committee has a little cry-baby brother called the American Liberty League. The brothers are always together. They pal around together, they think the same thoughts, they echo the same phrases, and they seek the same end, which is the destruction of President Roosevelt's popularity with the great mass of American people.

The miscalled Liberty League, in the event you don't know it, is an organization of multimillionaires who are making more money than any other group in this country, and in some cases more money than they ever made before in their lives. Let it be said in their behalf that they are making this money honestly. The Roosevelt administration has put an end to stock-market rigging, to stock-market pools, and other financial practices by which the insiders carry off the money and the public holds the bag. That makes it hard on the market operators, but it has saved and will save millions of investors in this country who otherwise would see their small investments disappear because the law gave them no adequate protection.

I believe the miscalled Liberty League has been generous enough to establish headquarters somewhere out in this homespun territory to instruct the voters in the art of casting the ballot. Their spirit is commendable, for if I remember correctly this is the first time on record that the wealthy members of the Liberty League ever showed the slightest concern for your welfare. My own impression is that the people out here have been voting for a good many years, that they do a good job of it, that they understand the issues pretty thoroughly, and they can tell for themselves when their liberties are being destroyed and when they are not. I have only one suggestion to make. If you believe in your heart that the Du Pont brothers are losing their liberties, then by all means join the league. We are perfectly willing to have you make the decision for yourself.

It would be silly on my part to appear here in the Middle West and take the position that the constant barrage of propaganda directed against the Roosevelt administration has not had its effect in influencing the public attitude. Of course it has. There

are millions of fine men and women, thoughtful and open-minded, who are disturbed at the character of the attack and perhaps disturbed also over the apparent failure of the administration to reply. Let me reassure those people. Every reasonable attack made upon the administration will be answered, and adequately answered. Facts will be cited in reply to the fountain of words with which the country is now afflicted.

For the present we are, for the most part, sitting back until our political opponents come to an agreement on what there is wrong about the New Deal which has them so wrought up and so excited. I suspect the real reason they dislike the New Deal is that it has restored prosperity to this country and left a lot of eager and aspiring candidates for the White House with no place to go. But they never admit that fact. Each one has a different reason for opposing the Roosevelt administration, and the result is they have succeeded in admirable fashion in confusing the public mind to such a point that few of us know what it's all about. You feel like saying, "Come, come boys, get together and agree, and then we can give you our answer."

Among other things, President Roosevelt is accused by some of being a Socialist. Others say he is a Communist, although it's my impression there is a great deal of distinction between the two. He is also being denounced as a Fascist who has a lust for power and who wants to establish a dictatorship in this country. He is charged by some of his critics with employing inexperienced dreamers in Federal service, while others protest that only Democratic Party regulars are given Federal jobs. But it remained for a Republican candidate for the President to make the outstanding contribution to the current game of analyzing New Deal faults. The gentleman said President Roosevelt is really a Tory who is trying to fasten a Tory government on this country. That makes him a Tory Communist, which is unique to say the least. There is nothing like having variety in our public men.

I think you will agree with me that by retaining a sense of humor the average American may get a great deal more satisfaction and enjoyment out of the current attacks on President Roosevelt than he otherwise would. These gentlemen are far more entertaining than they think, even though they take themselves and their utterances very seriously.

But let us look at this problem in a more serious vein tonight, without passion, without anger, and without excited and hysterical comment. Very obviously, in view of the vast social and economic change that has taken place in the last few years, a number of problems have arisen which we should consider at this time. As I said before, it is impossible to answer all the attacks, so let's take them one at a time.

Just at present it's extremely fashionable in certain quarters to denounce employees of the Federal Government as bureaucrats. Why a young fellow or a young woman, who has graduated from a typical American school and has the typical wholesome American attitude toward life, suddenly becomes a "bureaucrat" because he or she works for Uncle Sam is a mystery to me. In any event, that charge will be answered later, and adequately answered.

Tonight let us consider this basic, fundamental problem. Is the Roosevelt administration hostile to business? Is the Roosevelt administration impeding business recovery? Would the economic situation improve if the Government got out of business?

The most obvious fact about economic and fiscal conditions in this country today is that the use of Government credit to bolster up finance and industry was one of the wisest policies undertaken in recent years by the Federal Government. Of course, the Government has employed that policy in some degree for untold years, but in recent years, because of the depression, it has been extended and greatly magnified in intensity. The awful blight of the depression did more than merely confront America with an economic crisis. It made those in power think fast, made it imperative to adopt policies and programs which would save our social and political institutions as well as our system of economics.

The policy of using Federal credit to aid industry and business was adopted early, and I think it has won the almost universal praise of the American people. There is general recognition that it would have been cruel in the extreme to let banks, railroads, insurance companies, and other business units go through the wringer of bankruptcy while the national credit was available to help those companies over a temporary emergency. That fact we are all agreed upon.

The thing most people fail to realize is that although the immediate crisis has passed, thanks to the wise policies of the Roosevelt administration, the Government is still in business in a very substantial way.

It's very popular at present to cry for an immediate balanced Budget and to condemn Federal fiscal policies. But the fact remains that if the Federal Government ever moved in that direction, the very people who are demanding such action would be the first to protest. And rightly so, because business would suffer as much and more than other elements in the community if the Government should actually decide to get out of business.

In talking over this matter of getting the Government out of business, it becomes necessary to talk with extreme caution. This country has made wonderful strides forward in the past couple of years, and the major reason for that fact is that the American people have regained their confidence. General optimism has been restored because the mass of people realize that the men at the head of the Government and the men in charge of industry have confidence in what lies ahead for the Nation as a whole. We should all be careful to avoid impairing that confidence in the slightest degree. The American people suffered too much during the depression to run the risk of using tactics which might slow up the processes of recovery. For that reason in what I am about to say I shall be careful to indulge in understatement rather than overstatement.

The primary thing to remember is that it is absolutely impossible for Uncle Sam to get out of business for some time to come. Through the Reconstruction Finance Corporation, literally billions of dollars belonging to Uncle Sam are now in use helping the banks, railroads, insurance companies, mortgage companies, building and loan companies, and other corporate units regain their financial feet. I am avoiding figures and names purposely, because it hardly serves the public good to be discussing the financial condition of American business enterprises in political talks. But those figures ought to be available, and they are. They are referred to and explained from time to time in the very wise and careful speeches of Mr. Jesse H. Jones, the Chairman of R. F. C. They are used in business and financial journals, and thus the facts are readily available for anyone who wishes them.

But the essential fact remains that if Uncle Sam were to follow the advice of those who want him to get out of business immediately, the recalling of such loans would very obviously be one of the first tasks to be undertaken. What's fair for one is fair for all. There is no reason on earth why the Federal Government should help railroads and the banks, while, at the same time, the same aid and help is denied to other industries and to other sections of the American public.

And right here we come to the essential difference between the recovery efforts of the Hoover administration and the tactics endorsed by big business and the methods actually employed by the Roosevelt administration, which have been so successful in attaining the end sought. The Hoover administration helped, in essence, only the intermediaries of commerce, and by that I mean the banks, the railroads, and the insurance companies. But it refused in the main to help business itself. There was no public-works program to prime the pumps and to help the heavy industries which were almost annihilated by the depression. There was no effort to get money circulating again, to get money into the hands of the people, so that they could begin spending and thus come to the aid of the merchants, the small retailers, the doctors, and the dentists, and every man who depends for his livelihood on cash income. Those classes of our population, along with the farmers and the workingmen, were absolutely overlooked in the Republican plan of recovery. There was some vague notion that if the Government took care of those at the top, the gentlemen who control the purse strings would look out for the rest of our people when they found time. It just didn't work.

The great fact which impresses itself upon the man who looks at our present-day economic situation is that for the first time in recent times an effort has been made to consider the needs and the rights of every class of American citizen in the enactment of Federal legislation. President Roosevelt and Congress have worked on the wise plan that it is wrong and dangerous to confer benefits on one class only and then let the rest of the people shift for themselves. The Hamiltonian theory of government has been followed faithfully by the Old Guard element of the Republican Party, and I must confess it always worked admirably—for those at the top. But in fairness we should acknowledge the fact that it has left about 80 percent of the American people in a very uncertain economic condition for most of their adult lives.

Whenever you meet a rugged individualist, ask him, Why don't the rugged individualists practice what they preach? Big business was the first element in this country to learn how to organize, how to pool its interests, and how to march on Washington with a demand that Congress grant its wishes. Big business has been doing that on tariff legislation for I don't know how many years. The farmers and the workers have been willing enough, but the fellow behind the plow needs Government help now and then, and he should get it. Remember big business, and by that I mean the gentlemen who control some of our biggest industries are never bothered about thoughts of rugged individualism when they want help from Uncle Sam. They want 80 percent of the American people to be rugged individualists, while they get pulled over the tough spots by Federal help.

Once again I say, what's sauce for the goose is sauce for the gander. I say the small merchant, the retailer, the doctor, the dentist, the school teacher, the clerks and stenographers, and the great mass of workers and farmers are American citizens who pay taxes just as do the members of the American Liberty League. After the long night of the depression they needed measures undertaken, and undertaken quickly, to restore their cash income. They got that help from the Roosevelt administration.

There are a number of business enterprises, like hotels, and you know those industries as well as I, that can only exist when people have money to spend. They are prospering now and doing well because of the wise policies of the administration. The speed with which the National Government pushed through the job of prohibition repeal was perhaps the greatest factor in rescuing the hotel business from insolvency.

The fact is that if the Federal Government should cease its spending activities immediately, the blow would be so cruel to industry and business that the people would rise up as a unit and condemn the administration which adopted it. What big business wants, is not for the Government to get out of business, but to stop its efforts to help the farmers and the workingmen and the great middle classes. Some very wealthy people want relief spending stopped because it interferes with their own selfish desires and not because it is a bad policy of government.

Out here in the Middle West, you can get the figures on relief spending and the figures on spending by other Federal agencies. Figure out what would happen if all those expenditures were suddenly cut off at the source. For the moment think of it

only in terms of business, passing over its effect in suffering on the families of the poor. I think a little serious consideration will disclose that if the Government should get out of business in a hurry, it might have a very unpleasant effect on the great middle classes. This relief money stays in motion. It does not go into investment. It passes into the hands of merchants and retailers and others as I have just pointed out.

It has always been my impression that department-store advertising is one of the basic sources of revenue for newspapers. I think we all want our newspapers to continue. The more we have, the greater variety of viewpoint, and the better it is for the country. Just a few years ago, because of the financial stringency caused by the depression, some of the oldest and finest newspapers in the country were forced to the wall and forced out of existence. A great many publishers whose newspapers are still in business and doing very nicely were gravely concerned over the future of their publications. They demanded Government spending, and Government spending in a hurry, to rescue them from the morass of insolvency.

The Roosevelt administration came into power, and the President and his aides saw what was necessary and they had the courage to do what should have been done long before. Acting in close unity of purpose with a new Congress fresh from the people, the Roosevelt administration embarked upon the wise course of using the public credit in a crisis, to protect the business enterprises of this country. That policy was successful to a degree unparalleled in the history of modern economics. Of course, some of the newspaper publishers now feel strong enough financially to condemn President Roosevelt for adopting spending policies, but they have that right under the American system.

So I think, my friends, you will agree with me that if the administration should get out of business, the effect would be disastrous on all of us and especially on those who are crying the loudest for the adoption of that policy. And remember that I have only skimmed the surface in touching on what Government has done for business.

The facts are unmistakable. We have reviewed the situation and shown conclusively that business, and by that I mean every class of business, has been aided, and generously aided, by the Roosevelt administration. The complaints come from a small minority of extremely wealthy men who think Federal capital should be used to bail them out but who object to the same treatment for small businessmen and the great middle class.

The Democratic Party is fighting today for the same principle for which it has always fought. If big business is to get help from the Federal Government, so must every other class. There can be no group of preferred citizens in this country.

As I said near the outset of my remarks, it is possible tonight to consider only one of the current charges hurled at the Roosevelt administration by those who have prospered the most by administration policies. As the issues clarify, or rather I should say the lack of issues on the part of our opponents, the true picture of what is happening in this country, and what has happened, will be placed before the people in concrete and complete form. We have nothing to hide and we have honest reason to feel gratified at what has been accomplished to help the people of this country.

Once again let me urge the voters to listen carefully to the sales talk of those Republican candidates who are casting hopeful but somewhat hesitant glances toward the White House. Listen to what they have to say and compare it to the actual facts as you know them to be. Reflect on what happened under the last administration.

As chairman of the Democratic National Committee, I formally invite comparison between the present Democratic President, Franklin D. Roosevelt, and those Republican hopefuls who aspire to succeed him.

The Roosevelt administration has rescued business in this country and we are proud of that fact. We rejoice with the businessmen in their increased profits. We are glad to note that they now feel strong enough to indulge in the good old American practice of taking a healthy swing at anything they don't like.

We have only one note of caution for big business. In your new unrestrained enthusiasm please don't pull down the house which sheltered you.

The Federal credit has been a welcome place of refuge for sorely tried big businessmen in the past and it may be again.

THREE YEARS OF ROOSEVELT—ADDRESS BY POSTMASTER GENERAL FARLEY

Mr. McGILL. Mr. President, I ask unanimous consent to have printed in the RECORD an able address delivered by Postmaster General James A. Farley the 22d of February at the Washington Day banquet of the Kansas Democratic Club at Topeka.

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

I'm glad to return to Topeka and to join you good people in observing the birth anniversary of the Father of his Country, the immortal George Washington. It is a pleasure to have one national hero whose patriotism and virtues we may honor and revere without thought of party ties.

Ten days ago we observed the birth anniversary of another great American, Abraham Lincoln, a man so universally beloved that he belongs to the Nation regardless of party, creed, or geographical location. It seemed a fitting occasion to review what Mr. Lincoln tried to teach his country. Instead of that the occasion of Lincoln's anniversary was seized upon by partisan leaders for the opening of a terrific economic "fear campaign" directed against the people of the United States.

And the leader in that doubtful business was no less a person than a former President of the United States, Mr. Herbert Hoover, the titular head and spokesman of the Republican Party. I quote the first paragraph of an impartial Associated Press dispatch, which said:

"Herbert Hoover, assailing President Roosevelt's message to Congress on the state of the Union, pictured the New Deal tonight as a 'fountain of fear' fomenting country-wide confusion."

What a familiar ring that has. Having lost every reasonable argument, confronted by a prosperous country, the reactionary element brings out the discredited weapon of fright and fear to intimidate the people of this country.

Eight years ago Mr. Hoover was promising that poverty was about to be abolished by his election to the White House. He was elected and poverty became almost universal.

Four years ago Mr. Hoover went about the country warning that grass would grow in the city streets if the Democrats were placed in power. Now he resumes his campaign to terrorize his own countrymen. By his own choice he becomes the apostle of panic.

Any man who wishes to promote his political interests by shaking the confidence of the country in its economic future can answer to his own conscience. The American people will pass judgment on tactics of that sort.

I passed through Topeka in 1931 when Mr. Hoover was in the White House. Wheat was selling at less than 30 cents a bushel and cotton was around 5 cents a pound. There was confusion then and there was despair. Today wheat is selling above 90 cents and cotton at around 11. Let me remind Mr. Hoover that the only confusion is in his own mind.

It's a pleasure to come back here to Kansas and find abundant evidence of prosperity after the lean years through which you passed under Republican rule. The same picture of contentment presents itself in every section of the country. The Hoover panic was defeated because a courageous Congress used the national credit to rescue the American people from starvation and want.

Kansas got its fair share of this Federal money, and I am informed by Senator McGILL and your three Democratic Representatives, PATTERSON, CARPENTER, and HOUSTON, that it has turned the tide. It was depressing to read sometime back of hungry men creating disturbances at Fort Scott, but incidents of that kind have happened elsewhere. The comforting thing was that you treated them in humane American fashion, and that the Federal Government was at hand to help you give them food and work. Hungry men and women must still get first consideration in this country.

I was sorry to learn that it was necessary here in Kansas to cut the salaries of school teachers and of professors in the colleges and universities. Perhaps it was necessary, but the policy of the Roosevelt administration has been to save the schools of the Nation wherever possible.

On next March 4, my friends, Franklin D. Roosevelt will observe his third anniversary in the White House. In that period we have advanced from economic confusion and paralysis under Mr. Hoover to economic prosperity. This present-day stability is especially welcome because it is well rounded, well balanced, and well adjusted.

Prosperity is a national thing, unlike that of the Republican era, when finance and industry boomed at the very time agriculture was allowed to wallow in the mire of depression.

Yes; we have gone far in the last 3 years, although certain individuals and a few publishers don't seem to have learned that fact as yet. The Old Guard apparently has abandoned the elephant for its emblem and substituted the ostrich. And, believe me, the Republican ostrich has good reason to hide its head in the sand, because everywhere it looks it sees nothing but Roosevelt prosperity.

Without becoming boresome or tiring, let us take a fleeting glimpse back at the unbelievable economic conditions which prevailed in this country under the last Republican President, Mr. Herbert Hoover. During the 4 years of his administration, tumbling downhill from the high peak of 1929, this country slipped further and further into the grip of economic depression, until at the beginning of 1933 the situation could only be described as appalling.

Month by month the army of the unemployed lengthened, until the jobless and their dependents numbered more than 30,000,000 men, women, and children. The press was reporting the suicides of fathers and mothers who were unable to endure the suffering of their own children. And a Republican government sat unmoved in Washington because its leaders said, in substance, it was un-American to feed little children.

The soup line and suicide clubs added to their numbers daily in the big cities. In the country conditions were as bad or worse. The farmer had about as much economic security as a European serf, and he got about the same prices for his products. He gave up buying because he had no money, and he took to barter. The hammer of the auctioneer resounded continuously as the homes of American farmers were put on the auction block for the highest bidder at panic prices.

The American farmers are the most conservative body of men in the world; but in the summer of 1932, about the time Mr. Hoover assures us he had the depression licked, the farmers had enough. They swarmed into the highways, grim-faced and determined, armed with pitchforks, and they actually dragged judges from the

bench. They resorted to violence because they had no other remedy to protect their homes and their children.

Lest we forget those times and those events, let me read you one short quotation from a thoughtful, conservative man. In the fall of 1932 Edward A. O'Neal, president of the American Farm Bureau Federation, said this:

"Unless something is done for the American farmer, we will have revolution in the countryside in less than 12 months."

Mr. O'Neal spoke the truth, and every fair-minded and thoughtful man and woman in this country knows he spoke the truth.

The courts of bankruptcy were busy with the ruin of merchants and retailers because the collapse of buying power and unemployment had reduced the number of purchases by fifty to sixty millions of people.

Banks were failing with increasing momentum until the total became staggering, and the whole banking system, deprived of public confidence, was on the verge of collapse.

Hundreds of thousands of home owners, out of work, out of savings, deprived of an income, were losing their little homes, which represented their life's savings, because the banks were unable to loan them money.

The railroads were on the verge of collapse, thousands of freight cars rusted in idleness, engines were pushed off on the sidings, the tank cars were empty; and because building and loan associations and the banks had invested in railroad stocks, the people were terrorized by the prospect.

Millions of men and women were ruined by the investment of their money in stocks and bonds that were fundamentally unsound and often clearly fraudulent. And a Federal Government stood idly by and made no effort to protect the public against those worthless securities.

Ugly mobs gathered in the large cities to protest the dispossession of families in the dead of winter when they lacked food, fuel, and a place to go. Local government units faced exhausted credits and revenues and pleaded to the Federal Government for help. They pleaded in vain.

The streets were thronged with poor, hungry fellows begging the price of a sandwich or a bit of food. Someone well said the national theme song then was "Brother, have you got a dime?"

Yes, my friends, the depression cut deeper than that. The depression cut so deep that it took almost a year of superhuman effort by the Roosevelt administration before a certain unfair element of the American press felt strong enough to revile the man who pulled it out of the financial mud. Most newspapers perform a fine public service, but I think you know the ones I mean.

What was done in 1930 and 1931 and 1932 to correct the horrible conditions I have just described? You can answer that yourself. Nothing was done. The public lacked confidence because President Hoover in the White House lacked confidence. It was the first time in my memory at least that the typical American spirit of faith and energy had given way to an attitude of brooding despair. A fierce crisis was at hand and no one seemed able to meet it.

The financial giants went off to the watering places of California and Florida and Europe to think it over. A few went grouse hunting in Scotland. Behind closed doors they spoke of the failure of democracy and whispered about the need of a strong dictator like those of Europe to pull the country back on its feet. Fear was everywhere.

Even some of our intellectual leaders were convinced that democracy was too slow, too cumbersome, and too unwieldy to conquer an economic crisis like that which confronted the country in 1932. Almost with an air of resignation the people patiently waited until the end of the Hoover regime, fearful that a terrible tornado of social forces was about to uproot the land.

Well, my friends, the tornado never happened and you and I know why. While the rest faltered and fumed and fussed, a new leader took over the reins of office on March 4, 1933, and his accomplishments were soon echoing like a thunderclap throughout the length and breadth of the land.

Franklin D. Roosevelt did more than save America. He vindicated democracy at a time when all over the world its enemies were ready to declare the death of the finest system of government ever devised by man.

From the day Mr. Roosevelt seized the banner of American leadership from the faltering hands of Herbert Hoover the United States has marched steadily forward toward the goal of economic security and social justice. Why, the very spirit of America has changed. Pessimism has given way to optimism. The people sense the presence of a leader who does things, who gets things accomplished, who knows what they need, and sets about the job of doing it.

You may search history without finding a single parallel for the amazing rise in economic conditions which has happened in the United States under President Roosevelt, who will observe his third year in office on the 4th of next March.

Under his administration confidence has been restored in the banking structure and the banks themselves have been made stronger than ever. The buying power of agriculture has been increased by more than $2,000,000,000 in 1 year, more than 30,000,000 people in agricultural areas were restored to the purchasing class, and the burden of farm debt has been slashed to a fraction of what it was under the Hoover administration. The vicious practice of wholesale farm foreclosure has been stopped.

The same improvement has been noted in the industrial areas. Factory chimneys are again belching forth smoke; production is up, in some cases more than 100 percent; employees are going back to work; soup lines have been abandoned; and the outlook is for a steady and continued improvement. Millions of breadwinners, unable to find employment in private industry, are earning a living on projects which will prove of useful and lasting benefit to the Nation.

The farmers are getting better prices and the working men more pay. The tradesmen, the doctors, and the dentists can collect their bills because the people have money to pay them. The American school system, the proudest boast of our democracy, has been rescued from a state of collapse.

That, my fellow Americans, is the 3-year record of President Franklin D. Roosevelt, and we are proud of it. We challenge any political party to meet us on that record.

The astonishing thing about present-day conditions is not so much what President Roosevelt has accomplished, because the people have faith in this man and they know what he can accomplish. The astonishing and depressing thing is that the man who saved America is being criticized and denounced, reviled and condemned by certain noisy elements as though he were a common enemy of his country. There is an old saying to the effect that republics are ungrateful, and apparently a noisy minority is intent on making that unhappy saying come true.

The financial and industrial overlords who a few years ago were sighing aloud for a dictator are now crying aloud that President Roosevelt is trying to take away your liberties. Three years ago they agreed that democracy was helpless in a crisis; now they complain that the President is attempting too much. Well, some people never are satisfied.

The constant and unsportsmanlike campaign of distortion directed at the Roosevelt administration is so intense, bitter, and biased that I frankly confess many honest and upright American citizens are confused and bewildered. They wonder why such a campaign is being leveled at the President of the United States when their own common sense tells them that he has been laboring night and day to preserve and protect their rights and interests. They want an answer to these attacks. For a few moments tonight I want to talk directly to those troubled people. Let us find the answer together. Let us reflect not so much on what is said but who says it.

First let us take the miscalled American Liberty League, an organization of multimillionaires, which is run as a subsidiary of the Republican National Committee. They think alike, act alike, and their leaders are in constant heavy conference in Washington figuring out ways to destroy President Roosevelt's influence with the people. A brilliant editorial writer said it ought to be called the American Celophane League, and he gave two good reasons. He said, first, it is a Du Pont product; and, second, you can see right through it.

A recent examination of its bottomless war chest disclosed the fact that more than 70 percent of contributions to the American Liberty League came from the Du Pont family or their allies in the automotive and other industries. They can well afford to give because, thanks to the Roosevelt policies, they are earning more money than at any time in history.

The money goes 'round and 'round like this. The Roosevelt administration enacted the A. A. A. to give the farmers a decent income for their products. The farmers paid off their debts and bought automobiles and other products. The Du Ponts got their pockets filled and then they formed the American Liberty League. The league poured out money like water to prove that A. A. A. was destroying America and raising food prices to consumers. In other words, the farmer's money was used to destroy his own prosperity. That's really going 'round and 'round.

So, my friends, the members of the American Liberty League who are making more money than any other group in the United States complain that Mr. Roosevelt is destroying their liberties. They are ungrateful and they want the people of the United States to be just as ungrateful as they are. I think you farming people out here in the Midwest can take care of the Liberty League without any help from me.

I am fully conscious that many of you in the State listening in tonight and a vast number throughout the Middle West territory are members of the Republican Party, and that in the past you have been closely affiliated with its organization and frequently in sympathy with its policies. I hope that partisanship will never blind me to the extent that under its influence I forget the many fine men and women who have accomplished wonderful things for the United States while enrolled under a Republican banner.

It is a fact well known to all of us that victory for the Roosevelt-Garner ticket was made possible in 1932 because many millions of upstanding Republicans became disgusted with the reactionary control of their own party and enlisted under the Democratic banner. Quite frankly we think that our great President has fulfilled his promise to them and we want their sympathy, their help, and their suffrage again. The important thing to consider is who is running the Republican Party today and what may we expect if it returns to power?

The present leadership of the Republican Party has given its own answer to that question. Only recently the national committee sponsored a series of so-called dramatic skits over the radio. The principal characters were John and Mary, whom they introduced as typical young Americans. Perhaps you tuned in and heard these dramatic presentations. The Republican John and Mary turned out to be the most hopeless and stupid morons imaginable. Just think of holding up such characters as typical young Americans! The usual pattern of the Tory old guard was adhered to faithfully. John and Mary were filled up with untruthful statements about the public debt and taxes until they became terrified and abandoned their plan to get married. The old "economic scare" campaign in a new setting.

I think in those radio skits the Republican leaders disclosed very little about what is going on in the minds of the young men and women of America, but they certainly did disclose what is going on in their own minds. They still regard the voters as rather simple-minded folks, who will believe anything if you frighten them badly enough.

I hope the fine, intelligent young men and women in our colleges and universities, or those who have just graduated and are looking for a job, take to heart the lesson of John and Mary. If they do, the Republicans will hear from John and Mary on election day in a big way.

Yes, my fellow Americans, I am afraid the real leadership of the Republican Party has observed nothing and learned nothing from the great economic crisis through which we have just passed. Make no mistake, no matter who the party nominee for President may be, the old reactionaries are determined to control the party's course. They intend to keep it reactionary. The old guard will hang around the neck of the next Republican nominee like a millstone and he won't be able to shake it off.

So then, my friends, don't be disturbed by this torrent of abuse against President Roosevelt. While he is being reviled and denounced, he is hard at work in Washington making certain that the farmers receive a decent and fair return for their crops in 1936. He will be denounced as a dictator, as a demagogue, as a Socialist, and a Communist for doing it, but don't let that worry you because it won't worry him. He goes right on his way and the farmer gets his income, and that's the important thing.

During his first three years in office President Roosevelt has done more to restore the economic rights of American citizens than his Republican predecessors accomplished in generations. The Chief Executive has done more than restore material prosperity to this country; he has revived and strengthened the faith of the people in democratic government. We stand on that record!

Although the election is months away, the political woods are full of earnest and sincere young men who want to move their belongings into the White House. I have listened carefully to find out what they stand for and what they propose to do. Most of them talk fearlessly about experience, faith, courage, common sense, tradition, and other virtues, but I still can't find out where they stand on the vital issues before this country.

These modern Paul Reveres, riding about in luxurious limousines, are 3 years too late. The battle to restore American economic liberties has been fought and won long since. When you see one of these fine young men, give him a word of friendly advice. Drop a hand on his shoulder and say:

"Little man, where were you in the great crisis? What did you propose then?

"I remember only one man and the American people only remember one man in the great crisis. His name is Franklin D. Roosevelt."

NEUTRALITY LEGISLATION—STATEMENT BY CITIZENS OF SOUTHERN STATES

Mr. OVERTON. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by citizens of Southern States on neutrality legislation, forwarded to me by the dean of the graduate school of Louisiana State University.

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

A STATEMENT BY CITIZENS OF SOUTHERN STATES ON NEUTRALITY LEGISLATION

The United States is confronted with the gravest decision on foreign policy which it has been compelled to make since our rejection of membership in the League of Nations in 1920.

Fifteen years have passed, during which the authority of the League has not yet been established. Now the period of war weariness is over, and we are threatened with a series of wars of conquest. Driven by this menace, the members of the League of Nations have taken common action against a clear-cut aggressor. Upon their success hangs, we believe, our own future peace and security.

The first reaction of the American people to the crisis has been a strong recoil from being drawn into the war. It would be strange and disheartening if that were not true. Yet it would be supremely tragic and short-sighted on our part if in attempting to save ourselves we should weaken or defeat the efforts of the members of the League to restrain the present and prospective war makers.

In this effort it is inevitable that the nations should use their economic power to restrain and defeat aggression. In attempting to avoid military sanctions they have no alternative but to use their economic strength and to try again and again in the future to perfect its effectiveness. It is just as unavoidable also that these efforts will succeed or fail according as the tremendous economic power of the United States is used to aid or to defeat economic sanctions.

Believing that the United States cannot avoid playing a determining role, we urge the Senators and Representatives from the Southern States to consider further neutrality legislation with the greatest care, lest more harm be done than good. It is one thing to try to be impartial between an aggressor and the victim of his attack. There may be practical grounds for such a course in the fact of our nonmembership in the League of Nations.

But if the members of the League are compelled to resort to military sanctions a new situation arises. To attempt to levy embargoes against all the League members who may sacrifice men and money to defend the League Covenant, and with it the Kellogg pact, is both unjust and dangerous. There is no sort of equality between a recognized aggressor or one hand and the collectivity of nations engaged in resisting him, and no act of Congress can create such equality.

Nor is an attitude of impartiality in a military conflict between an aggressor and the League feasible. On legal and moral grounds our parenthood of the League Covenant and the Kellogg Pact effectively stops us from terming collective sanctions against a war-maker "war." As the father of these almost universally accepted charters of peace, our country is in the worst position of all for ignoring the delegalization of war and the legalization of sanctions. The proposed classification of members of the League of Nations who may be driven to apply military sanctions to an aggressor as "belligerents", making them liable to all the penalties of our neutrality laws, is both immoral and unworkable.

On strictly practical grounds, any action which strangles the operation of the League in practice can bring us only temporary respite from the dangers of war. Congress can easily make League sanctions inoperative, but it will thereby release forces which will be beyond its power to control by any means other than war on a huge scale.

Two strong nations are already engaged in an attempt to seize empires for themselves, and a third gives every evidence of preparing hastily to do so. If one after another, and finally in unison, these nations are to be permitted to take what they will, there is no prospect ahead except a succession of wars, one of which will certainly spread into a world war. There is every reason to believe, moreover, that another general conflict would be fought not on one side of the United States but on both sides.

The interest of the United States in peace is so enormous and the danger of its involvement in any large wars is so great as to doom to collapse any efforts to avoid war which do not include throwing out weight against the starting and spreading of wars of conquest. There can be no security for our economic structure, not to speak of our peace, if great conflagrations are to be allowed to begin and to run unchecked.

We favor such legislation as will clarify our relation to, and strengthen the hands of, the many nations which desperately want peace and are determined to stand together to maintain it. The opposite policy can only give us a temporary and costly respite. We can make or break the League, but we cannot lead a safe and tranquil life in the midst of a train of wars.

We are concerned, too, that the rules to be laid down for the guidance of the President shall not be so rigid as to destroy, if that were constitutionally possible, the power of the United States to negotiate and to meet constantly changing conditions. There is no guarantee of safety, even for the most powerful single nation, in immobility, especially in rapidly moving situations.

Dean Charles W. Pipkin, graduate school, Louisiana State University, Baton Rouge, La.; Dr. Cullen B. Gosnell, director, institute of citizenship, Emory University, Atlanta, Ga.; Virginius Dabney, chief editorial writer, Richmond Times Dispatch, Richmond, Va.; President Walter D. Agnew, Huntington College, Montgomery, Ala.; President Hamilton Holt, Rollins College, Winter Park, Fla.; Bishop John Durham Wing, Protestant Episcopal Church, Florida; W. R. O'Neal, president, First National Bank & Trust Co., Orlando, Fla.; Prof. D. F. Fleming, Vanderbilt University, Nashville, Tenn.; Bishop James M. Maxon, Protestant Episcopal Church, Tennessee; Dean G. B. Winton, Vanderbilt University, Nashville, Tenn.; Prof. A. Vandenbosch, department of government, University of Kentucky, Lexington, Ky.; Prof. K. C. Frazer, department of government, University of North Carolina, Chapel Hill, N. C.; Prof. C. Perry Patterson, department of government, University of Texas, Austin, Tex.; Prof. D. Y. Thomas, department of history and government, University of Arkansas, Fayetteville, Ark.; Judge John D. DeWitt, Tennessee Court of Appeals, Nashville, Tenn.; Cale Young Rice, Louisville, Ky.; Dr. John W. Frazer, Montgomery, Ala.; Ray Stannard Baker, Winter Park, Fla.; Dean J. S. Waterman, school of law, University of Arkansas, Fayetteville, Ark.; President Pierce Cline, Centenary College, Shreveport, La.; Prof. S. D. Myres, director, Arnold School of Government, Southern Methodist University, Dallas, Tex.; Prof. H. C. Nixon, department of history and government, Tulane University, New Orleans, La.

YOUR TAX BILL—ARTICLE BY B. H. MARKHAM

Mr. GORE. Mr. President, I ask to have printed in the RECORD an article entitled "Your Tax Bill", written by Mr. B. H. Markham, director of the American Petroleum Industries Committee, and published in the National Petroleum News of January 5, 1936.

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

YOUR TAX BILL

(By B. H. Markham, director, American Petroleum Industries Committee)

A FILLING STATION DIALOG

ATTENDANT. Good morning, Mr. Jones. Shall I fill 'er up?

MOTORIST. No; I guess you better give me 5 gallons.

ATTENDANT. Yes, sir. (Puts 5 gallons in motorist's tank.) That'll be 95 cents—68 cents for the gas and 27 cents tax. Taxes are high, aren't they?

MOTORIST. Did you say 27 cents tax? Say, that's the first time a filling-station man ever told me how much the tax was.

ATTENDANT. I was reading an article the other day. It said: Gasoline is cheap, only the tax is high.

Now, take you for example. The 27 cents tax you're paying on that 5 gallons of gas isn't a lot of money. It's only a little over a quarter. But it would buy you an extra 2 gallons of gas. Besides, it mounts up in the long run. This article I was reading showed that in 1934 motorists in this country paid $735,000,000 gasoline taxes. That makes $33 apiece. Thirty-three dollars would buy you a new set of tires and tubes.

MOTORIST. You're right. But, of course, if it weren't for the gasoline tax we wouldn't have all the good roads we have today. If you can remember the kind of roads they had 20 years ago, when I began driving a car, you wouldn't mind paying a gas tax.

ATTENDANT. That's true. The gas tax was all right in those days. The rate was low and it was easy to collect. Another thing, the money was used for roads. Now, the rate's so high it's brought racketeers into the gasoline business. They start price wars. And to make things worse, about $100,000,000, or 20 percent, of the gas tax money isn't used for roads—it's what they call "diverted."

MOTORIST. Twenty percent—as much as that? I knew some gas-tax money was used for sea walls and other things, but I never thought it was as much as that. I don't mind paying for roads, but I do mind paying the whole cost of government. I don't think it's fair to expect us motorists to pay all the taxes.

ATTENDANT. I don't think they should even expect you motorists to pay the whole cost of roads. You aren't the only ones who benefit from good roads. I know a friend of mine owned a piece of land outside town. It was worth a few hundred dollars. Then the State built a new road past his land. Right after that a real-estate agent offered him $2,000 for it. It looks to me as though the new road paid him a handsome profit.

And then, of course, electric companies, water companies, and gas companies use the roads and streets for their poles, wires, and pipes.

MOTORIST. Say, you're right! You know, I never stopped to think of that. Everybody benefits from good roads. Yet most people think the motorists are the only ones who should pay for them.

ATTENDANT. There's another thing I don't care for. I spend about half my time collecting taxes. Most tax collectors get paid. I don't get anything. I've been thinking of putting up another sign alongside that "Free air" one, "Gasoline taxes collected free."

This conversation indicates what an important role the gasoline tax has come to play in our everyday life. In 1934 it provided one-third of all taxes collected by the 48 States and 80 percent of all the money spent on State highways.

Yet this tax is only one of the 201 different kinds of taxes paid by oil companies, independent dealers, and users of petroleum products.

In all they pay 39 Federal taxes, 121 State taxes, and 41 local taxes. In 1934 the petroleum tax bill was $1,046,149,575, or 11 percent of all taxes collected by all governments—Federal, State, and local.

The gasoline tax accounted for over 70 percent of this sum. Gasoline-tax collections have brought in $5,000,000,000 in the past 15 years. This money has provided most of the funds spent on highways during that period.

Taxes on the petroleum industry and its products in 1935

	1935	1935 tax per barrel of oil produced
State gasoline taxes	$625,000,000	$0.630
Federal gasoline taxes	170,000,000	.171
Real and personal property taxes	135,000,000	.136
Income taxes (Federal, State, and city)	60,000,000	.061
Severance taxes (State, county, and municipal)	30,000,000	.031
Federal lubricating-oil taxes	29,037,648	.029
Federal pipe-line transportation taxes	9,344,748	.009
Municipal gasoline taxes	10,000,000	.011
State registration and license fees on tank trucks, etc	10,000,000	.011
Capital-stock tax	9,955,000	.010
Federal and State excise taxes on tank trucks and other vehicles	7,952,380	.008
Corporation franchise, stock, and mercantile licensing and inspection taxes	3,750,000	.004
Federal taxes on new tires for old tank trucks, etc	4,132,660	.004
State inspection fees, drilling permit fees, etc	3,620,000	.004
Federal excise taxes on crude petroleum processed	1,634,000	.002
Federal and State taxes on parts and accessories for tank trucks	1,070,390	.002
Federal import tax on crude products	4,750,000	.005
Other taxes	10,000,000	.011
Total	1,125,246,826	1.140

VALUE OF GOOD ROADS

Every American has benefited from this money because good roads have made communication easier; they have speeded up transportation; and they have lowered its cost, and in this way lowered prices.

The farmer has benefited directly because he depends on good roads to get his produce to market. They often mean the difference between a profit and a loss for him. He also benefits in another way, because whenever a highway is built near his property, or an old road improved, his land increases in value.

Improved highways have opened up opportunities for travel and recreation. They have made parks, beaches, and recreational centers easily accessible, and they have made it possible for people to spend their vacations at the seashore and in the mountains. These resorts would obviously be of little value except for the highways.

Modern highways have also made it possible for city dwellers to move to the suburbs and rural areas where living conditions are better and cheaper and where children may be raised in a more healthful atmosphere. With our present highway system these people can come to town to do their shopping, attend lectures, symphony concerts, art exhibits, and plays.

Industries which produce highway materials, such as cement, sand, gravel, steel reinforcements, and concerns which manufacture road-building machinery have benefited directly from gasoline-tax money spent for highway work.

DIVERSION

The motorists seem to have no objection to a reasonable State gasoline tax so long as the money is used for highways. In recent years there has, however, been a growing tendency to use the money for other purposes, a practice which has come to be known as "diversion." A study made by the American Association of State Highway Officials shows that in 1934, for example, $95,000,000, or about 20 percent of State gasoline tax money was "diverted."

Using these funds in this way is grossly unfair because the theory of taxing gasoline takes for granted that the money will be spent for highways. C. C. Chapman, one of the sponsors of the Oregon gasoline tax, the first of its kind, has shown that this was the general understanding when the gasoline tax was conceived. Congress has recognized this. When it submitted the Hayden-Cartwright Road Act for President Roosevelt's signature in 1934, it pointed out that:

"* * * [The use of gasoline tax] revenues for other than highway purposes [is] * * * unjust and unsound * * *."

EVILS OF HIGH GASOLINE TAXES

Experience has shown that high gasoline taxes bring with them serious evils, such as tax evasion, gasoline bootlegging, price wars, substitution, misbranding, and other unfair practices.

All sales taxes such as the gasoline tax encourage tax evasion. In general, the higher the tax is, the more serious the problem of evasion becomes. It has been found that serious difficulties are involved in collecting sales taxes of as low as 2 percent or 3 percent. New York City, for example, has had a great deal of difficulty with its 2-percent sales tax. State and local gasoline taxes ranging from 2 cents to 11 cents are collected on each gallon of gasoline sold in this country. They are equivalent to sales taxes of 15 percent to 90 percent. For the country as a whole the average is 40 percent. Evading the gasoline tax is, therefore, just about 20 times more profitable than evading the ordinary sales tax.

BOOTLEGGING

Much bootleg gasoline comes from "hot" oil produced in excess of the limits allowed by law.

One of the favorite ways of avoiding gasoline taxes is by smuggling gasoline across State lines. Under the United States Constitution, gasoline cannot be taxed while it is in interstate commerce.

A gasoline bootlegger, for example, buys gasoline in New Jersey and has it shipped to a fictitious firm in New York. This gasoline is loaded into tank barges, which slip across the harbor at night. In the meantime, the bootlegger has been contacting service stations to find a market for his contraband product. He usually quotes the regular market price minus taxes, but sometimes he adds an extra cent to cover his risk. This price margin of 2 cents or 3 cents a gallon which he is able to offer usually wins over some of the less scrupulous filling station operators.

Gasoline bootlegging in many respects is easier and more profitable than liquor bootlegging. There is much less danger involved. State gasoline tax collection forces are small and extremely busy. They are usually undermanned, and they are often forced to operate on inadequate appropriations. In many cases there are few "teeth" in State laws, and the courts are inclined to deal leniently with gasoline-tax evaders.

TAX EVASION

Gasoline-tax evasion reduces the amount of money available for highways. Motorists pay the gasoline tax with the expectation that their money will be spent in improving highways. When some motorists are able to buy tax-free gasoline they avoid paying their fair share of the cost of highways. The State not only loses revenue, but the majority of motorists suffer who buy their gasoline from law-abiding dealers who pay the tax.

The revenue the Government loses from tax evasion must be made up. If gasoline-tax collections do not come up to expectations, the gasoline tax is often increased to make up for the deficiency. In effect, then, honest motorists who buy gasoline from law-abiding dealers pay not only their own share of the gasoline tax but they also assume the burden of those who get their gasoline tax free.

SUBSTITUTION

Tax evasion is a profitable business. "Substitution" is, however, even more profitable.

A racketeer may buy 1,000 gallons of gasoline a week. In a State which has a 4-cent tax his weekly tax bill is $40. With this 1,000 gallons he may, however, mix 500 gallons of kerosene, naphtha, furnace oil, or some other nontaxable fuel. He then has

1,500 gallons of "hi-test" motor fuel which he may sell at a profit or $20, over 1 cent a gallon.

Any motorist who buys gasoline from a racketeer stands less than a 50–50 chance of getting the kind of gasoline he thinks he's getting.

Besides injuring the public, "substitution" also gives the racketeer an additional price margin which he can use to take business away from legitimate dealers. The racketeer may also injure the legitimate marketer by selling diluted gasoline or motor oil under a well-known trade name. The buying public expects high quality when it buys a widely advertised, branded product. When the product which it gets does not measure up to the usual high standards it has come to expect, other dealers who sell the same kind of gasoline or motor oil obviously lose business.

PRICE WARS

In some cases a tax evader may decide to build up his business by price cutting. Avoiding the tax makes it possible for him to sell his gasoline for a price well below that charged by law-abiding dealers. Once price cutting is started in this way it often leads to a destructive price war which causes a complete break-down of the price structure.

The public seldom becomes seriously disturbed over price wars. Motorists ask themselves, "Why should I worry about price wars? They mean lower prices, don't they?" But such people overlook the ultimate effect which price wars have on the whole gasoline market.

When a price war is going on, motorists from surrounding areas drive over to the low-price district to buy their gasoline. When they do this, their States collect less gasoline tax than they would otherwise have collected. Gasoline tax collections fall off, and more money must be raised to make up for this loss. It is conceivable that the gasoline tax might be raised to make up for the deficiency.

COMBATING TAX EVASION

Because gasoline tax evasion brings with it such evils as gasoline bootlegging, substitution, price wars, and other unfair practices the petroleum industry has spent a great deal of time and money in trying to wipe it out. It has loaned its own investigators, auditors, and attorneys to States to help them check up on tax evasion. This is probably one of the few instances in history of an industry helping government to collect a tax on one of its own products. Since it was created in 1932 the American Petroleum Industries Committee has rendered State governments invaluable aid in collecting the gasoline tax.

EXEMPTIONS AND REFUNDS

Gasoline-tax exemptions and refunds lead to serious abuses. Because the gasoline tax was devised as a method of assessing the motorist for his use of the highways it was thought only fair that people who used gasoline for nonhighway purposes should not be forced to pay a tax.

Experience with exemptions and refunds has shown, however, that they encourage tax evasion. It has been found that much of the gasoline on which no tax is paid because it is supposedly used for tax-exempt purposes is actually used on the highways.

A grave injustice is done the motorist who pays a tax on the gasoline he uses, when other motorists get their gasoline tax free because it is to be used for "nonhighway" purposes. This amounts to unfair discrimination.

In fairness all motorists should bear their proportionate share of the cost of highways. When some motorists buy their gasoline tax free they are able to shift their tax burden to someone else's pocketbook.

The practical effect of exemptions and refunds is to penalize the majority so that the minority may profit. If any justification did exist for exemptions and refunds when all the gasoline tax money was spent for highways, certainly it doesn't exist now when nearly 20 percent of the money is spent for other purposes.

FEDERAL GASOLINE TAX

The Federal Government collects a tax of 1 cent a gallon on gasoline. In 1934 collections amounted to $170,109,269.

This tax cannot be justified on the same grounds as State gasoline taxes. It is not a benefit tax because the revenues are not earmarked for highways—they are used for general governmental purposes.

The Federal tax, furthermore, was adopted as a temporary measure, the argument being that it was needed to make up for the drop off in collections from the income tax and other established sources of revenue during the depression.

One of the most serious objections to the Federal tax is that it invades a field of taxation which properly belongs to the States. The States have come to rely on the gasoline tax as their main source of highway revenue and many of them have drawn up long-term highway programs with the expectation that they could rely on this tax as a certain and stable source of revenue. It is estimated that there are approximately $4,750,000,000 worth of State and local highway bonds outstanding which were sold to investors largely on the security of the gasoline tax.

LUBRICATING-OIL TAX

The Federal Government collects a tax of 4 cents a gallon on each gallon of lubricating oil sold. Collections during 1934 were $24,843,489.

This tax, like the Federal gasoline tax, was originally adopted as a Budget-balancing expedient. It appears that Congress had in mind a tax of 4 cents on a quart of motor oil selling for 25 cents, or a sales tax of 4 percent. Only about half the lubricating oil used in this country, however, is of such high quality. Less highly refined lubricants like cylinder oil, turbine oil, and black oil sell for about 10 cents a gallon. The tax of 4 cents a gallon on these oils is equivalent to a sales tax of 40 percent.

It has been found that this tax encourages unlawful practices. Some racketeers evade the tax by "blending" lubricating oils, for it takes only a small change in refining to make a tax-exempt oil out of a taxable one. Other racketeers "reclaim" used oils. They drain oil from the crankcases of automobiles, strain it, and then sell it as new oil.

Consumers of lubricating oil, the motoring public, and legitimate dealers all suffer from these abuses.

CHAIN-STORE TAXES

The chain-store tax is one phase of the "attack on bigness as such" which has been going on in the United States for some time.

Chain-store taxes were not originally intended to apply to gasoline filling stations. They were designed to protect the local grocer, the butcher, and the druggist against competition from "chains." To the public a filling station is not a chain store. As the Supreme Court of Wisconsin pointed out in the case of *Wadhams Oil Co.* v. *Wisconsin*—

"If one were to stop 500 well-informed, intelligent persons traveling into any city and ask them to stop at the first store * * * it is quite probable that not a single one would stop at a filling station or service station * * *."

More than half the States with chain-store taxes have recognized this and have exempted filling stations from chain-store taxes.

SALES TAXES

A sales tax on petroleum products is unjust because the average gasoline tax amounts to a sales tax of 40 percent, and the Federal tax on lubricating oil often amounts to a sales tax of 40 percent. A sales tax simply adds to the already oppressive burden borne by users of these products.

Sixteen of the 24 States which have sales taxes have recognized this and have exempted sales of gasoline. Three other States have exempted the part of the price which represents the gasoline tax.

Petroleum industry investment, earnings, and taxes

Year	Estimated investment	Petroleum industry net earnings	Percent earned on investment	Capital stock and income taxes	Gasoline taxes	Other taxes	Total taxes
1921	$6,550,000,000	−$1,841,457	−0.03	$41,255,601	$5,382,111	$62,135,919	$108,773,631
1922	7,877,375,000	221,615,211	2.81	39,881,349	12,703,088	77,673,174	130,257,611
1923	8,000,000,000	76,355,904	.95	27,525,849	38,566,338	66,460,994	132,553,181
1924	9,150,871,000	227,938,411	2.49	41,791,402	80,442,995	76,079,793	198,314,190
1925	9,500,000,000	471,106,534	4.96	73,366,894	148,358,087	[1] 87,668,285	309,393,266
1926	10,000,000,000	475,393,629	4.75	81,509,304	187,603,231	99,256,037	368,368,572
1927	10,500,000,000	104,324,161	.99	32,319,256	258,838,813	107,764,735	398,922,804
1928	11,000,000,000	386,516,430	3.51	64,909,723	304,871,766	[1] 117,764,735	487,546,2[illegible]4
1929	11,500,000,000	456,495,196	4.54	66,604,616	431,311,519	[1] 127,764,735	625,680,870
1930	12,000,000,000	92,439,088	1.38	38,976,816	493,865,117	[1] 137,764,735	670,606,663
1931	12,100,000,000	−333,903,133	−2.76	5,615,514	536,397,438	[1] 142,764,735	684,777,687
1932	12,200,000,000	[1] −182,400,000	−1.50	[1] 13,800,000	575,887,066	[1] 157,410,059	747,097,125
1933	12,000,000,000	[1] 204,000,000	1.70	[1] 50,000,000	709,321,700	[1] 245,502,328	1,004,824,028
1934	12,000,000,000	[1] 264,000,000	2.20	[1] 50,000,000	745,136,269	251,013,306	1,046,149,575
Total		[3] 2,462,039,976					
Averages and totals, 14 years	[2] 10,312,731,857	[2] 175,859,998	[2] 1.86	[2] 627,556,324	[2] 4,528,685,538	[3] 1,757,023,570	[3] 6,913,265,432

[1] Estimated. [2] Averages. [3] Totals.

NOTE.—Estimated investment of the oil industry based on best available information. In 1930 American Petroleum Institute estimated the investment $12,000,000,000. Petroleum industry net earnings for years 1921–31, inclusive, from publications of U. S. Treasury Department. Earnings for the year 1932, estimated, based on published report of 30 major oil companies. Earnings for 1933 based on figures compiled by United States News. Earnings for 1934 estimated on basis of reports of representative companies.

Capital stock and income taxes arrived at in same manner. Other taxes partially estimated. Gasoline taxes from actual published figures.

OTHER TAXES

There are some 190 other types of taxes. Several of them are collected on every operation from setting up equipment in the oil field to selling gasoline and lubricating oil at the filling station. Every product and byproduct from crude oil as it comes out of the ground to highly refined gasoline, fuel oil, and lubricants is taxed.

Producers of crude oil and natural gas, for example, pay taxes on crude oil and natural gas produced, oil withdrawn from storage, sales of oil and gas lands, as well as severance taxes, royalties, proration taxes, antipollution taxes, well-drilling permit fees, and derrick taxes.

Refiners pay taxes on refined products such as fuel oil, gas oil, benzine, naphthas, benzol, and heating oils, and other taxes, including property taxes on refining and cracking plants, processing taxes, and fire-inspection fees.

Pipe-line companies pay property taxes on their pipe lines, ad valorem taxes on the crude they transport, taxes on oil they withdraw from storage, pipe-line construction permits, certificate fees, gross-receipt taxes, transportation taxes, and taxes on natural gas carried by pipe line.

Marketing companies and service-station operators pay taxes on the different products they sell, such as fuel oil, gas oil, paraffin, kerosene, tractor fuel, illuminating oil, Diesel oil, premiums on fuel-tax bonds, distributors' license fees, dealers' license fees, filling-station taxes, and location fees, bulk storage plant licenses, tank-car licenses, taxes on oil burners sold, tank-ship license permits, gasoline-pump and curb-pump licenses, and fire-inspection fees.

Although these taxes are of less relative importance than those which have been dealt with, they make up, nevertheless, part of the total-tax burden, and they are all paid by the industry and users of its products.

SUMMARY

Every year the oil business and people who use its products pay over a billion dollars in taxes, or about 11 percent of the country's total tax bill. Motorists pay a tax whenever they buy gasoline. Other people also pay their proportionate share of these taxes. A bus company, for example, fixes the fare it charges passengers so as to include gasoline and lubricating-oil taxes which it pays. People who ride in busses, therefore, pay their share of these taxes. Because motor vehicles are used so extensively in the modern world, a considerable part of the price which the consumer pays for goods represents petroleum taxes.

The oil business also pays its share of these taxes. Taxes tend to keep its earnings at abnormally low levels. The extraordinarily heavy tax burden it bears is one of the chief reasons why this industry earns less than other industries. A study made by one of the leading New York banks shows that 62 representative oil companies earned 2 percent on their investment in 1934. Merchandise chain stores earned eight times as much; tobacco companies, whose products bear a tax burden comparable to the petroleum industry's, earned five times as much; chemical concerns four times as much; and automobile manufacturers three times as much.

Taxes have had the same effect on filling-station earnings. A recent study made by the Merchants' Service of the National Cash Register Co. showed that the average superservice station earns 1.76 percent on its investment. This is considerably lower than the earnings of other representative retail businesses. Florist shops earn four times as much; drug stores three times as much; electric stores and meat markets twice as much; and auto tire and accessory stores slightly more. Only chain grocery stores earn less.

Taxes are of vital concern to all consumers of petroleum products and to all men in the oil business. The American Petroleum Industries Committee invites everyone to join hands in the campaign to keep the present billion-dollar tax bill from reaching even higher levels. Cooperation of this kind is not sentiment; it is economic necessity.

Percentage relationship of the cost of production and refining and of the cost of transportation and marketing of motor fuel and of the gasoline tax to the selling price

Year	Percent of cost of production and refining [1] to sales price	Percent of cost of transportation and marketing [2] to sales price	Percent of tax [2] to sales price	Selling price [2]
1919	68.0	31.8	0.2	100
1920	72.5	27.3	.2	100
1921	52.4	46.8	.8	100
1922	56.8	41.7	1.5	100
1923	45.1	50.7	4.2	100
1924	43.0	50.0	7.0	100
1925	47.8	42.7	9.5	100
1926	43.1	45.3	11.6	100
1927	32.3	54.3	13.4	100
1928	38.2	47.2	14.6	100
1929	36.0	47.1	16.9	100
1930	31.1	50.0	19.9	100
1931	21.2	55.3	23.5	100
1932	24.9	47.3	27.8	100
1933	21.8	47.8	30.4	100
1934	24.9	47.4	27.7	100
1935 (November)	30.2	41.7	28.1	100

[1] Based on the wholesale refinery price of gasoline in Oklahoma.
[2] Based on statistics collected for 50 representative cities.

COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 3998) to enable the Commodity Credit Corporation to better serve the farmers in orderly marketing and to provide credit and facilities for carrying surpluses from season to season.

Mr. GLASS. Mr. President, the bill now before the Senate was introduced by the senior Senator from Florida [Mr. FLETCHER], chairman of the Committee on Banking and Currency of the Senate. I imagine it will not occupy many minutes of the Senate's time and attention. It merely proposes a bookkeeping operation to enable the Commodity Credit Corporation to function with greater facility and to increase its credit operations, but it does not require any new revenue at all nor does it increase the limit of the appropriation to the Reconstruction Finance Corporation for the organization.

In other words, the Commodity Credit Corporation owes the Reconstruction Finance Corporation $284,000,000. This bill simply proposes to convert $100,000,000 of that credit into capital stock of the Commodity Credit Corporation so as to enable that corporation to dispose of its holdings upon commodities such as wheat, corn, and tobacco in an orderly way and in a manner that will not demoralize the markets.

I hope the Senate will pass the bill speedily.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Virginia yield to the Senator from Utah?

Mr. GLASS. I yield.

Mr. KING. I assume from what the Senator just said that the Corporation has on hand large quantities of agricultural commodities.

Mr. GLASS. Yes.

Mr. KING. How did it acquire them and by what authority?

Mr. GLASS. Under the authority of the Congress of the United States it has on hand 4,500,000 bales of cotton acquired at a guaranteed price of 12 cents.

Mr. KING. May I ask the Senator if the Corporation now lacks authority to sell, having had the authority to purchase?

Mr. GLASS. Oh, no; but should the Reconstruction Finance Corporation undertake to sell its holdings without the exercise of the greatest discretion, it would demoralize the markets for wheat, corn, cotton, and tobacco. This bill proposes to increase the commodity corporation's capitalization from $3,000,000 to $100,000,000. It is merely a bookkeeping operation, transferring an indebtedness to a stockholding.

Mr. KING. I inquire of the Senator whether or not, with the authorization which is sought, the interests of the Reconstruction Finance Corporation will be jeopardized?

Mr. GLASS. Not in any degree. The Director and the board of directors of the Reconstruction Finance Corporation asked that this be done, and have the formal approval of the President of the United States asking that it be done. It does not involve any new money at all.

Mr. KING. I shall not object to the consideration of the bill. I can only say that, having embarked upon an enterprise and adventure which is perilous in many ways, we are seeking now to remedy the defects and trying to protect ourselves so far as we can.

Mr. GLASS. We are trying to protect the Government so that these commodities may be marketed in an orderly way, and at a lower rate of interest and perhaps save the Government, for under the proposed change the commodity corporation may be enabled to borrow money from private sources rather than from the Government.

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

Mr. GLASS. Certainly.

Mr. ROBINSON. As I understand, the bill is in conformity to and consistent with the purposes of the original act?

Mr. GLASS. Yes.

Mr. SMITH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Virginia yield to the Senator from South Carolina?

Mr. GLASS. I yield.

Mr. SMITH. Of course, I presume the bill will pass, as it ought to pass. The Senator from Virginia has pointed out that the Government has on hand a tremendous amount of certain farm commodities. In one instance there is now under Government control, in what is called the producers' pool under the 12-cent loan, approximately 5,000,000 bales of actual physical cotton and 800,000 bales of futures. It seems that the pool, when it sold the spot, bought futures. For what reason I am not now prepared to say.

If the market is to be carried on in an orderly manner without absolute destruction, the bill should be passed, because if the corporation should attempt to liquidate this amount it would certainly mean the destruction of the markets perhaps for an unlimited time. This amount of money is necessary for them to carry on the work of distributing these products without loss to the Government and perhaps with some benefit to the producers.

Mr. KING. Mr. President, I should like to inquire of the Senator from South Carolina, the chairman of the Committee on Agriculture and Forestry, whether the Commodity Credit Corporation has not pursued the fatuous and unwise policy which we Democrats condemned so much when followed by the Farm Board, and acquired large quantities of cotton and other commodities; and instead of disposing of them in an orderly way as the Corporation purchased them, or within a reasonable time thereafter, it has held them until now we have on hand this enormous surplus, and in order not to lower the price of commodities which will be produced this year and the coming year it is important that they shall not be sold?

Mr. SMITH. Oh, no.

Mr. KING. Or that they shall be sold in a cautious way?

Mr. SMITH. I may state that the Committee on Agriculture and Forestry has reported a bill, which I hope at an early time may be considered here, which will facilitate disposal of these commodities without jeopardizing the market, and also with some hope of some profit to those who have placed their products in the hands of the Government. If the bill shall be passed, I think it will enable the Corporation to do the very thing we are now attempting to do; namely, to liquidate these holdings without distress to the market or to those who own the products.

Mr. KING. If I may ask the Senator one other question, if the commodities referred to were disposed of today, what would be the loss to the Federal Government.

Mr. SMITH. That is entirely speculative. I do not know that the trade could absorb 6,000,000 bales of cotton. I do not know how much wheat there is; but 6,000,000 bales is one-half year's supply of cotton for the world.

Mr. KING. May I inquire of the Senator what is the investment by the Federal Government in the commodities which have been held by this organization?

Mr. SMITH. The Senator may take the figure of $60 a bale for 6,000,000 bales and do the calculating himself.

Mr. KING. The Senator from South Carolina is so facile in these things that I desired to use his arithmetical powers rather than my own, because I am feeble in that line.

Mr. SMITH. That would be something like $360,000,000 worth of cotton.

Mr. GLASS. Mr. President, I am not going to agree with the Senator from Utah, nor am I going to disagree with the Senator from South Carolina, as to the economics or philosophy of what has already been done. This is a simple, plain business proposition which does not involve any cost to the Government, and may result in lower costs to the farmers of the country.

I hope the Senate will pass the bill.

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

The PRESIDENT pro tempore. Does the Senator from Virginia yield to the Senator from Michigan?

Mr. GLASS. I do.

Mr. VANDENBERG. The longer the Commodity Credit Corporation holds these commodities, the higher becomes the market cost which the Corporation must realize in order to break even?

Mr. GLASS. That seems to be so.

Mr. VANDENBERG. Are we not, then, pyramiding to a situation where we never can sell without breaking the market, except as there may be an enormous increase in market prices?

Mr. GLASS. No; I think we are simply providing for the discreet, orderly sale of commodities held by the Government, rather than projecting them upon the market without thought or consideration to the loss of the Government.

The PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDENT pro tempore. The bill having been read three times, the question is, Shall it pass?

The bill was passed.

RURAL ELECTRIFICATION

Mr. NORRIS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 3483, to provide for rural electrification, and for other purposes.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry, with amendments.

FREEDOM OF SPEECH—GENERAL HAGOOD

Mr. HASTINGS. Mr. President, a moment ago I stepped out of the Senate Chamber to talk to a newspaperman, and while I was out the Senate passed a bill involving $97,000,000. I suppose I should feel fortunate that it was not $970,000,000. I do not know much about it, but I suppose the purpose of the bill is to do that which the Democratic Party condemned in its platform when it condemned the farm bill which the Republicans had passed.

Ninety-seven million dollars is such a small matter in these days that I should not like to take up the time of the Senate to discuss it. Ninety-seven million dollars is a very small matter when we consider the great sums we are expending for other purposes. But, Mr. President, there is another matter which to my mind is more important than the expenditure of money. The expenditure of money and the increase in the national debt are serious things, but terrorism in government is, after all, a great deal more serious.

As I watch the progress of the Nation and this administration's direction of it I am more impressed every day that the charge frequently made that the present President of the United States is endeavoring to create a dictatorship is not so improbable as many persons believe.

Much has been said in recent days about freedom of the press and freedom of the radio. The Supreme Court of the United States recently has rendered a decision that is very helpful so far as the press is concerned, because by that decision the Supreme Court has demonstrated that, so far as it can control the matter, freedom of the press shall be hereafter enjoyed by the people of America. But, Mr. President, freedom of the press is not all we need. We need freedom of speech as well; and, so far as I know, the feature that more than anything else makes the United States Senate attractive is that by our rules we are permitted to speak our pieces when we care to.

I should feel like apologizing to the Senate for taking up its time just now if the Senate had before it anything of great importance. But we have been here now for many days and many weeks and have accomplished, it seems to me, almost nothing. My information is that we are not expected to accomplish anything, but we are expected to get away from here as soon as we can, so as to give every Member a full opportunity to place himself before his constituents for renomination and reelection.

That does not particularly interest me. I think anyone with very much sense would be glad to get out of this place and get away from this contention and from the duties this place imposes upon him. I dislike to be constantly making in the Senate speeches which are declared to be partisan; but when I find going on around me so much that I feel is wrong, when I find so little opposition raised on either side of the Chamber, it seems to me it becomes my duty at times to say to the Senate what is in my mind, whether or not it

does any good and whether or not it has any influence upon anybody.

I think most of us down in our hearts were shocked yesterday when we read of a great general in the Army being relieved of his duty because he dared say what he thought to a committee of the Congress. It seems to me there is no better illustration of terrorism in government than that very incident. Here is an effort on the part of the Commander in Chief of the Army and the Navy to see to it that nothing be said that reflects upon his administration—not his administration of the affairs of the Army and the Navy but his general administration of the affairs of the Government.

I made some comment upon that yesterday at the request of the newspapers. This morning I received this telegram:

NEWPORT, R. I.

Senator DANIEL O. HASTINGS, of Delaware,
Senate Office Building:

Heartily concur in your published statement regarding the malevolent and vindictive action taken against Major General Hagood. It is common knowledge that this administration intends to strangle all criticism, however constructive or merited; but this evidence of malignant bad temper and attempted terrorism against a man of distinguished and outstanding record should rouse the Nation to a realization of the despotic gag rule now inflicted upon all patriotic citizens in and out of the military and naval services. I was war godmother to General Hagood's regiment and have known the general 20 years. He is an honor to the service and to his country, and I trust Congress will not allow its righteous indignation to be suppressed. Congress has the opportunity to prove it consists of men and patriots who are not puppets in the hands of demagogues, nor such partisans that it permits citizens to be made footballs of for the indulgence of malicious exhibitions of childish bad temper. The citizens, regardless of party, will be behind all Congressmen who show determination to right this obvious wrong to an honored and distinguished officer and gentleman.

MRS. PAUL FITZSIMONS.

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

Mr. HASTINGS. I yield.

Mr. CONNALLY. From whom was the telegram the Senator read?

Mr. HASTINGS. I just read the name.

Mr. CONNALLY. Would the Senator mind repeating it?

Mr. HASTINGS. Not at all; and I will read what the Senator was about to ask me also. This telegram is from Mrs. Paul Fitzsimons, and she is the Republican national committeewoman of Rhode Island. I realize that one may, if he likes, charge her with partisanship.

Mr. CONNALLY. Mr. President, if the Senator will yield, I did not hear the name, and I did not know who sent the telegram. I thought it was sent by some man. I thought it said that he was with General Hagood in France, or something of that kind. I thought it was a soldier. But I beg the Senator's pardon if it disturbed him for me to ask. I am sorry.

Mr. HASTINGS. It is perfectly proper for the Senator to find out who it is, but I desired to forestall any criticism of the telegram by the Senator from Texas.

Mr. President, we are informed by the distinguished Representative from Texas [Mr. BLANTON], who is a member of the committee before whom General Hagood testified, as follows:

Before we called Gen. Johnson Hagood before our committee we had Gen. Malin Craig, the Chief of Staff, to issue an order releasing General Hagood and other major generals who were to appear before us from the usual restrictions which the War Department has thrown around all Army officers who testify before congressional committees, and allowing them to speak their minds and judgments freely in answering questions asked them in hearings; and they shall not punish General Hagood for giving Congress his honest, conscientious opinion about appropriations.

Mr. President, I notice that, in his testimony, General Hagood stated that he had been advised by the Chief of Staff that he might appear and that he might testify freely as to what his judgment was. I desire to read excerpts from General Hagood's testimony in order that the Senate and the country may know the extent of the crime he committed and the reason for his being relieved of duty.

I read from page 602 of the hearings before the Subcommittee of the House Committee on Appropriations. I propose to read rather extensively from the report of this hearing, because it seems to me the RECORD ought to show just what General Hagood did say. He stated:

Of the money so far allotted by the Works Progress Administration to the Eighth Corps Area none of it substantially advanced the interests of the housing program. The War Department had prepared a complete list of everything that was needed, both for new construction and repair, at all posts in the Army and submitted it to the W. P. A. In the Eighth Corps Area this amounts to about $38,000,000. The estimates were made up in Washington, and I am not familiar with how they arrived at the figures. But in my opinion, if all the useless work and all the fancy trimmings were cut out and if the Government bought good material and hired competent labor, as has been its practice in past years, from five to ten million dollars might be lopped off this total. I am perfectly certain that by the intelligent use of soldier labor and other similar methods I could do a great deal of the repair work at anywhere from a half to a fourth of the present estimates, and I have had lots of experience along these lines.

However, we find ourselves today confronted with a $38,000,000 estimate submitted by the War Department to the Works Progress Administration. Thirty millions of this goes to Texas, because about 20 percent of the whole Army is in the Eighth Corps Area, and we have some 17 Army posts down in Texas.

Then he goes on to show where the rest of it is allotted. I read now from page 603:

I am suggesting that you do it now, when there is a lot of easy money floating around, and not to wait until you are skinning the Budget to the bone in order to make up for past extravagance.

He had in the meantime shown that the conditions in the Army were worse than they were in the slums of the cities. I quote further:

There are colored soldiers now living at Fort Huachuca, Ariz., with their families under conditions that are commensurate with the little tin houses you see on the dump heaps from the railroad train as you approach some of our large cities. At other posts there are fine young white girls and boys, children of worthy noncommissioned officers, who have been born and raised under living conditions worse than the darkey tenements in many a southern city. At Brooks Field, during the past year, the officers' quarters, one by one, have been torn down and destroyed as unsafe for human occupation, until now there are only two sets left.

He was pleading for funds to build permanent places for the Army, in which the Army could house themselves. He stated:

I got $45,000,000 last year for the C. C. C., and I got a lot of this stage money from the W. P. A. I call it stage money because you can pass it around but you cannot get anything out of it in the end. Now, the C. C. C. is a fine thing—the best thing perhaps in the whole relief program. But the $45,000,000 I spent on it last year will all be gone away next year. Give me thirty-eight millions for Army housing and my great-grandchildren will show it to your great-grandchildren 50 years from now.

I can put men to work—have put men to work. During the winter of 1931 to 1932 I was working more skilled labor in the city of Omaha than was being worked anywhere else in the State of Nebraska. That statement was made by the labor people to their organization in Washington; and I did not have to ask Congress for the money. I have saved it out of other projects.

Since that time I have poured a lot of money down rat holes. It is harder for me to get 5 cents to buy a lead pencil than to get a thousand dollars to teach hobbies to C. C. C. boys. I do not like the Government standard lead pencils, and I cannot get by the Comptroller with the kind of pencils that I like. But C. C. C. hobbies are exempted from the Comptroller's decisions. They do not have come up to Government specifications. One man can be taught to collect postage stamps, while another man can be encouraged to take an interest in butterflies.

Under the W. P. A. I can get $200 to build a gravel walk to the garden house, but I cannot get $10 to repair a "busted" steam pipe.

For many years this committee has been forcing economy upon the Army. Gentlemen, the tables are turned. I am begging you now to let me use some common sense and to spend this money in the best interests of the taxpayers.

Further along, after he was asked some questions, he made this statement:

In years gone by I have appeared before this committee as a War Department representative and have not hesitated to indicate priorities, but all I can say to you now is that the Quartermaster General has submitted these various projects to the Works Progress Administration and that the total cost, computed by him, runs into the neighborhood of $38,000,000 for my corps area. Normally this committee would make a lump-sum appropriation for barracks and quarters, and the War Department itself would decide on priorities.

As to relief funds and other funds, I am not familiar with the various pockets in which Uncle Sam keeps his money. I understand that there is Budget money, which is very hard to get; there is P. W. A. money, which is not so hard to get; and then there is a vast quantity of W. P. A. money, which is very easy to get for

trifling projects but almost impossible to get for anything worth while. I have heard it rumored that the Works Progress Administration still has about $1,000,000,000 unexpended and that two or three billions more may be appropriated by this Congress for the same general purpose. I do not know how this easy money, or the hard money to be provided by your committee, is going to be divided up among the States. I would not say whether it would be more important to rebuild Kelly Field, in Texas, or to stop the shameful neglect of Fort Warren, in Wyoming. All that I know is that we have been waiting about 15 years for the completion of the Army housing program, and that we still need $150,000,000 to finish the job.

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

Mr. HASTINGS. I yield.

Mr. CONNALLY. How long have they been waiting? Fifteen years?

Mr. HASTINGS. I will read it again.

Mr. CONNALLY. I assume the Senator from Delaware, by quoting the general, is approving what he says. The Senator was here before we Democrats came into office; the Senator from Delaware was here during the administration of Mr. Hoover, and if they have been waiting 15 years for the completion of the Army housing program, I wonder why the Senator, who was strongly in favor of it, did not do something in Mr. Hoover's time to put through the program.

Mr. HASTINGS. In answer to the Senator's question, Mr. President, I will say that Mr. Hoover was a little more careful with the people's money than is this administration. That is the only answer I can make.

Mr. CONNALLY. Then the Senator was against the Army housing program under Hoover, but he is for it now because he thinks it will be to his advantage to be for it.

Mr. HASTINGS. No, Mr. President, not at all. I am against punishing an officer for saying what he thinks about a committee of Congress. That is what I am against. I do not know anything about what the general said. I do not know whether it is true or not. I do not know whether we can afford to give the $150,000,000 that he demands. But I say that this man should not be punished for expressing his opinion to a committee of Congress. That is the only point I make with respect to it, and I hope the Senator agrees with me upon that.

Continuing his testimony:

My suggestion is—

Will the Senator from Texas listen to the reasonableness of it all? The general has never asked, as I recollect his testimony, for the $150,000,000 in a lump sum before, and he gives his reason as to why he asks it now:

My suggestion is that the present Congress, either through your committee or through some other committee, turn over $150,000,000 to the War Department in a lump sum, with instructions to get the Army under shelter. The members of your committee and the people of this country know full well that that money will be wisely spent, that it will put men to work, and that every penny of it will give value received to the taxpayers. There have been times when neither this committee nor any other committee of Congress would dare bring in such a lump-sum appropriation for such a purpose. The usual plan is to spread appropriations over a period of years. But at the present time there is a vast flow of silver—I won't say gold—spreading out all over the country like mud. It will soon dry up without anything permanent to show for it. I shall not be accused of profanity when I say, "For God's sake, put some of it into stone and steel." I am not asking you to build pyramids. I am asking you to put up useful buildings that will be occupied by your men in uniform for a hundred years to come.

Mr. President, I think I have read all the offensive language the general used before the committee. I have not read all his testimony, but I have read that which was offensive. More than that, I have read into the RECORD what a reasonable man, a good man interested in his country, and interested in the Army might reasonably say to a committee of the Congress.

Mr. President, as we bear in mind what has happened to General Hagood I think we ought to go back a few weeks—not many weeks—and see what happened to a women's patriotic association which was meeting in Washington, representing a membership of some 500,000 people, an association which had the honor of having come before it a distinguished former Secretary of State under the Wilson administration. This former Secretary of State was so filled with the things which were going on, and going on in a manner entirely against his wishes and against all his training, and not only that, but against the traditions of his own party, that he felt it necessary to express himself on that evening before the women's patriotic organization, and he expressed himself in no uncertain terms as to what the present administration was doing, and he showed that as a Democrat, as an old-fashioned Democrat, he did not believe in what was going on.

What happened the next day? There were some two or three officers in the Marine Corps who were to address that organization. The Marine Band was to appear on the night of the banquet. These women, who were no more responsible for what Mr. Colby said than I was—perhaps some of them did not agree with what he said, although if they belonged to this patriotic society I do not understand why they did not agree with his statements—though they were in no sense responsible for his remarks, yet the next day they found that the marine officers had canceled their engagements to speak before this patriotic society, they had canceled their engagements to come before those women and show themselves at all.

Does anyone doubt that somebody high in authority had directed that that be done? Does anyone think that anyone less than the President of the United States had directed that that be done?

Mr. CONNALLY. Mr. President——

Mr. HASTINGS. Oh, yes; I know that our good friend, Colonel Roosevelt, The Assistant Secretary of the Navy, took all the blame, like a good soldier would, and like many of the Senators on the other side of the Chamber take it when the President gets them in a hole.

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

Mr. HASTINGS. I yield.

Mr. CONNALLY. The Senator made no reference to what his administration did to General Mitchell, who died a few days ago. Does the Senator remember how General Mitchell was court martialed and practically cashiered out of the Army because the Commander in Chief did not approve of some of his utterances?

Mr. HASTINGS. Mr. President——

Mr. CONNALLY. I do not recall that the Senator from Delaware ever protested.

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

Mr. CONNALLY. I do not recall that the Senator ever protested against that on the floor.

Mr. HASTINGS. Very well; now, Mr. President, I will yield to the Senator from Arkansas, and then answer both Senators at once.

Mr. ROBINSON. In connection with the question just asked by the Senator from Texas [Mr. CONNALLY], is it not true that the Senator from Delaware persistently objected to the consideration of the bill and opposed the bill introduced by myself to give General Mitchell the privilege of retirement?

Mr. CONNALLY. Mr. President, does the Senator from Arkansas mean that?

Mr. ROBINSON. Do I mean that?

Mr. CONNALLY. Does the Senator mean to say that the Senator from Delaware objected to that bill?

Mr. ROBINSON. Certainly; and the only reason he could state in his argument was that Mitchell talked too much while he was trying to promote aviation. Under a Republican administration the Senator from Delaware was not excited about the freedom of speech for Army officers who are bound by a rule of their Department to stay out of politics, but under a Democratic administration, when he hates so much to make a partisan speech, he is grieved to the point where he sheds tears.

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

Mr. ROBINSON. I do not have the floor.

Mr. CONNALLY. I have the utmost respect for the Senator's recollection, but I wish he would verify that statement and confirm it.

Mr. ROBINSON. I do not have to verify it.

Mr. CONNALLY. I do not doubt the Senator's statement, but I am amazed and scandalized at the revelation made by the Senator from Arkansas regarding the position taken by the Senator from Delaware.

Mr. ROBINSON. The Senator from Arkansas is sure of his facts. He introduced a year ago a bill granting General Mitchell the right of retirement with the rank which he had when he was driven out of the Army. The Senator from Delaware was most active, vigorous, persuasive, argumentative in condemnation of any effort to give retirement privilege to General Mitchell, because the War Department said that he ought not to have that privilege. The only reason any man could criticize or condemn General Mitchell was that he spoke his belief that the Army and the Republican administration were going wrong on the subject of aviation, were failing to carry out an aggressive and decisive program. He spoke out in language which rang from limit to limit of the country, and for that exercise of freedom of speech, though it was held in violation of the rule of the Department, he was court-martialed; the most gallant man that wore the uniform of the United States Army during the World War, the man who earned by bravery and courage in action more distinguished-service medals than adorn the breast of any other American soldier, was humiliated, degraded, and compelled to resign his commission that he had so gloriously earned. And the Senator from Delaware took the floor of the Senate some two or three times and opposed any recognition for General Mitchell. Now he is grieved, he is sad, he is hurt at heart, because, under a Democratic administration, another military officer who violated the rule of the Department has been disciplined moderately for his action.

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

Mr. ROBINSON. I have not the floor, but I yield, if I may.

Mr. CLARK. Then, will the Senator from Delaware yield to me just for the purpose of asking a question of the Senator from Arkansas?

Mr. HASTINGS. I yield.

Mr. CLARK. Is it not a fact that in the criticism for which General Mitchell was disciplined he confined himself to recommending appropriations and regulations for aviation, but he did not, as General Hagood did, go beyond the sphere of his own responsibility and his authority by abusing Congress and the administration for other appropriations?

Mr. ROBINSON. General Mitchell did criticize the arrangements that had been made in connection with aviation. He said that the aviation service in the Army of the United States was not efficient; and at that time he spoke from the record. He criticized the service, but not in sarcastic language; he did not ridicule any branch of the service or appropriations for it as a hobby. He did not talk about "stage money"; he did not inject himself into politics. General Mitchell's fight was to build up a branch of the service which he believed had been neglected. His name goes down in history in spite of the fact that the Senator from Delaware was instrumental in sending him to his grave without the restitution of the honors that he had earned in battle.

Mr. HASTINGS. Does the Senator mean his bill did not pass?

Mr. ROBINSON. Yes; I do mean the bill did not pass. The Senator from Delaware held it up for a year and then informed the author of the bill that he would not again object. It may be he had in mind that he would want to criticize the Democratic administration for doing in less degree what the Republican administration had done.

The bill for General Mitchell passed the Senate and went to the House of Representatives just a few weeks ago; that body had not acted on the bill, and General Mitchell went to his grave under the stigma that had been placed upon him by reason of the court martial. There is not a man living, I repeat, who can give any justification for General Mitchell being denied the right of retirement except that, as an officer in the Army, he violated the rule of the War Department which requires high Army officers to restrain their speech. They are not staying out of politics now. I charge that there is at least one more corps commander in the Army of the United States who is actively engaged in politics, who has a candidate of his own for the Presidency, and who boasts that he is exerting his energies in behalf of his candidate. Now, make the most of that.

Mr. HASTINGS. Is he a "new dealer" or a Republican?

Mr. ROBINSON. Oh, he is not a "new dealer." "New dealers" never deal that way, as the Senator from Delaware knows.

Mr. HASTINGS. What is he?

Mr. ROBINSON. He is an "old dealer" like the Senator from Delaware. [Laughter.]

Mr. HASTINGS. Is he a Republican?

Mr. ROBINSON. He is not supposed to have any politics.

Mr. HASTINGS. But the Senator from Arkansas says he has. What is his politics and who is he?

Mr. ROBINSON. F. C. Bolles, the commanding officer of the Seventh Corps Area.

Mr. HASTINGS. I should think, with this warning, he would be a little more careful.

Mr. ROBINSON. I should think he ought to be, and I think the Senator from Delaware, in view of his record on matters relating to this subject, ought to be a little more careful.

Mr. HASTINGS. Let me make an inquiry of the Senator.

Mr. ROBINSON. Yes.

Mr. HASTINGS. I do not quite understand why the correction of this great injustice to General Mitchell has been delayed for 3 years since the Democrats have had an overwhelming majority——

Mr. ROBINSON. Mr. President——

Mr. HASTINGS. Just a minute, please.

Mr. ROBINSON. Will the Senator permit me to answer?

Mr. HASTINGS. Oh, yes, I will; but I do not like to be interrupted until I finish my question.

Mr. ROBINSON. Very well.

Mr. HASTINGS. I am curious to know why it is that this great injustice to General Mitchell has not been corrected during these 3 years when the Democrats have had a great majority in the Senate and a great majority in the House of Representatives. I think it is not quite fair—and I will give the Senator plenty of time to answer——

Mr. ROBINSON. I can take time, as the Senator knows, though not in his time; that is true.

Mr. HASTINGS. I understand that, but I want the Senator to ask to interrupt me, because I am making the speech, and the Senator can make his when he gets ready.

Mr. ROBINSON. How is that?

Mr. HASTINGS. I am making this speech, and the Senator can make his when he gets ready.

Mr. ROBINSON. Is that an implication that the Senator does not desire me to interrupt him?

Mr. HASTINGS. Not at all; but after I have been courteous enough to the Senator to permit him to interrupt me, I should like him, when I am trying to ask him a question, to wait until I finish the question.

Mr. ROBINSON. Very well.

Mr. HASTINGS. I ask the Senator why he blames me for the death of Mitchell when he has had a President of his party and he had a Congress of his party in power for 3 years and they have done nothing to relieve Mitchell? Will the Senator answer that question?

Mr. ROBINSON. Will the Senator yield for me to answer it?

Mr. HASTINGS. I will; yes.

Mr. ROBINSON. In the first place, I have not blamed the Senator from Delaware for the death of General Mitchell.

Mr. HASTINGS. Oh, I think the RECORD will show that the Senator did.

Mr. ROBINSON. I have blamed him for permitting General Mitchell to go to his grave with no correction or change of his record and being denied the right to retire from the United States Army. The reason I do it is that the Senator from Delaware obstructed and prevented proposed legislation introduced by myself and intending to give General Mitchell the right of retirement. The Senator succeeded in

delaying it until so near the time of the general's death that the House of Representatives did not have the opportunity to act upon it.

On numerous occasions the Senator from Delaware objected. On one occasion, as appears in the RECORD——

Mr. HASTINGS. What date was that?

Mr. ROBINSON. As appears on page 13376 of the RECORD of August 16, 1935, I made a speech in behalf of the bill. In that speech it was my privilege to review the record for gallantry which General Mitchell had made, and I asked the right to have the Senate consider the bill. On page 13377 of the RECORD of August 16, 1935, this occurred:

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

Mr. HASTINGS.—

We only have, unfortunately, one Mr. HASTINGS in the Senate of the United States. [Laughter.]

Mr. HASTINGS. I object.

Mr. HASTINGS. Does the RECORD show that the objection was as strong as the Senator's voice indicates? [Laughter.]

Mr. ROBINSON. It certainly does. The Senator from Delaware had the power at the time to kill the bill or prevent its passage, and on other occasions he prevented consideration and passage of the bill.

Mr. HASTINGS. Has the Senator a record of the other cases?

Mr. ROBINSON. Yes; but I have not had time to find it.

Mr. HASTINGS. Well, get somebody to look for it.

Mr. ROBINSON. I will present my side of this matter.

Mr. HASTINGS. Very well.

Mr. ROBINSON. Does the Senator mean to stand in this presence and imply that he did not deliberately and persistently prevent the passage of the Mitchell bill? I instruct the clerk to get me a copy of the Mitchell bill as I introduced it. I want to state the date of the introduction of the bill, and I will state the history of it, if the Senator will permit me. He has asked me the question why the wrong done General Mitchell was not corrected or sought to be corrected sooner. My answer is that the Senator from Delaware is the answer. He took advantage, as he had a right to do, of his prerogative on this floor to object to the consideration of the bill; and that happened on more than one occasion. But whether it did or not, no matter how many times it did occur, the Senator from Delaware could have based his attitude on nothing else than that General Mitchell was alleged to have done what Hagood has done, and Mitchell, under a Republican administration, had been discredited and scourged out of the Army whereas Hagood has been merely disciplined.

Mr. HASTINGS. Has the Senator finished?

Mr. ROBINSON. Perhaps I ought to permit the Senator to resume his speech. I think I have answered his question, at least to my own satisfaction. If he wants the reason behind his conduct any clearer than I have given it, he will have to furnish it himself.

May I ask the Senator from Delaware a further question?

The PRESIDING OFFICER (Mr. BURKE in the chair). Does the Senator from Delaware yield further to the Senator from Arkansas?

Mr. HASTINGS. I yield.

Mr. ROBINSON. Does the Senator deny having objected to the consideration of the Mitchell bill on a number of occasions?

Mr. HASTINGS. The Senator just read it. Of course I do not deny it.

Mr. ROBINSON. I do not know whether the Senator considers himself bound by the RECORD or not.

Mr. HASTINGS. I do not think the Senator is quite fair about that. The only thing about which I am not certain is whether I shouted like he did when I said "I object." I am not certain of the tone of my voice.

Mr. ROBINSON. Does the Senator consider that very material?

Mr. HASTINGS. Yes; I think it is.

Mr. ROBINSON. We will probably not divide on that issue.

Mr. HASTINGS. Does the Senator care to proceed?

Mr. ROBINSON. Yes; I wish to finish my statement.

The bill authorizing retirement of General Mitchell was introduced May 13, 1935, and referred to the Committee on Military Affairs. August 9, 1935, it was reported by the Senator from Kentucky [Mr. LOGAN] without amendment.

Mr. HASTINGS. What day was it reported?

Mr. ROBINSON. August 9, 1935.

Mr. HASTINGS. When did Congress adjourn?

Mr. ROBINSON. I do not remember the exact date, but I think it was sometime in September.

Mr. HASTINGS. Oh, no; it was in August.

Mr. ROBINSON. What date?

Mr. HASTINGS. The 26th; just a little while after the bill was reported favorably.

Mr. ROBINSON. What is the object of the Senator?

Mr. HASTINGS. I want to know what the Senator did for 2 years for this poor man Mitchell? I want to know why he waited until May 13, 1935, to correct this great wrong. I want to know why he complains of me when he did not get the bill before the Senate until August 9, 1935, 15 or 16 days before Congress adjourned? I want to ask him why he insists that I had anything to do with the responsibility of sending Mitchell to his death because I did not let the bill pass?

Mr. ROBINSON. I again say that I did not say that the Senator from Delaware sent Mitchell to his death.

Mr. HASTINGS. What the Senator said amounted to the same thing.

Mr. ROBINSON. I said the Senator sent him to his death with denial of his right to have the retirement privilege, and I repeat that statement, though not so boisterously as the Senator from Delaware may ask his question.

Mr. HASTINGS. If I have been more boisterous than the Senator from Arkansas, I apologize.

Mr. ROBINSON. I state it modestly, timidly, if the Senator from Delaware would like to have it so. I repeat that he, more than any other man living, is responsible for the failure of Congress to act during General Mitchell's life.

The Senator asks why I did not introduce the bill earlier so as to give him several years in which to reflect on the question. I have no answer to make to that except that it did not occur to me to introduce the bill until the time I did introduce it. Then I introduced it and pressed it for passage here and was unable to secure its passage by reason of the fact that a group of Senators—three in number—combined and had an understanding, as I was told, not to let the bill come up. The Senator from Delaware was in the leadership of the group, and every time the bill was called it was objected to.

The Senator had a right to object to the consideration of the bill, but he cannot come here now and howl and rage about the question of free speech when he attempted to perpetuate an alleged wrong done to an Army officer for exercising free speech. It is a question with the Senator from Delaware as to whose ox is gored—whose administration is involved.

If the Senator will permit one further statement, I shall conclude in this connection, and that is that the War Department issued the regulation, of which he now complains, during the administration of President Taft, as I remember. It has been in force during every administration that has occurred since that time. It was thought by those who issued the regulation that Army officers ought not to be active in politics, that the nature of their services is such that they ought not to forget their military duties and become politicians.

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

Mr. HASTINGS. I yield.

Mr. CLARK. Does the Senator from Arkansas recall that the great Lincoln had an Army officer cashiered for making unfavorable comments on his Emancipation Proclamation?

Mr. ROBINSON. That is true, but that is another case of a Republican administration, and the precedent does not

apply, in the judgment of my good friend from Delaware, unless it occurred under a Democratic administration. Then it is horrible indeed, no matter how many counter precedents may be cited under the administrations to which he has been attached.

Mr. HASTINGS. Mr. President, we have this situation, as I understand. The Senator from Arkansas is defending the order of the War Department relieving General Hagood of his duties. I am a little surprised to know that. I did not suppose that would be the situation.

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

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

Mr. HASTINGS. I yield.

Mr. ROBINSON. That may be an inference the Senator draws from what I have said. My contention has been that there are precedents under Republican administrations where the same thing has been done, and the Senator from Delaware did not complain and does not complain of those precedents. I have said that I think it is a pretty good thing for Army officers to stay out of politics. I think this case is an illustration of that fact, but I do not question the right of any man to say anything he pleases so long as it does not disturb the peace.

Mr. HASTINGS. Am I not correct in my statement that, from what the Senator from Arkansas has said, he undertakes to defend the President in the issuance of this order directing that General Hagood be sent back home?

Mr. ROBINSON. The Senator is correct to the extent that I make no apologies for the order.

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

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

Mr. HASTINGS. I yield.

Mr. CONNALLY. While we are dealing with the President especially, would the Senator from Delaware mind explaining why his President, Mr. Hoover—and he was a very influential part of that administration—disciplined General Butler, the distinguished marine of Pennsylvania, because he dared to make some comment about Mussolini?

Mr. HASTINGS. I will answer that.

Mr. CONNALLY. Does the Senator recall the incident?

Mr. HASTINGS. I do not recall it, but I will answer the Senator without recalling it.

Mr. CONNALLY. Did the Senator make any protest against that action on the part of President Hoover?

Mr. HASTINGS. I will answer the Senator without recalling the incident.

The Senator from Arkansas [Mr. ROBINSON] and the Senator from Texas [Mr. CONNALLY] interrupted me for the purpose of calling attention to the case of General Mitchell. Then the Senator from Arkansas, I think, gave the distinct impression that I was responsible for the defeat of the bill, and I got the distinct impression originally that it had been pending before this body for a long time. I do not care to discuss the Mitchell incident. I did not know that I had objected to the consideration of the bill. I do not remember it at all. I do not know why I objected to it. It may have been because it was late in the session and I wanted to find out about it.

The remarkable thing to me is that the distinguished leader of the Democrats in the Senate should have kept his peace for 2½ years and should have seen this terrible thing happen to an Army officer under the Roosevelt administration, and with all that knowledge and with his heart burning and his whole being incensed at what happened not a single time did he say a word so far as I know in the Senate; and not until May 1935 did he introduce a bill; and not until August 9, 1935, did he succeed in getting it out of his Democratic committee and before the Senate. Then when the Senate adjourned on the 26th of August he said somebody, some combination on this side of the Chamber, defeated the bill and prevented General Mitchell from getting his just dues before he died.

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

Mr. HASTINGS. Have I not stated it correctly?

Mr. ROBINSON. I do not wish to inject into the debate conversations had with Senators on the floor about matters that are arising here.

Mr. HASTINGS. I have no objection to it.

Mr. ROBINSON. Does the Senator from Delaware remember coming to me early in this session or late in the last session and stating that he had been made a football long enough by his colleagues in holding up the Mitchell bill and that, so far as he was concerned, he would not do so further?

Mr. HASTINGS. No; I do not remember it; but if the Senator says I said that to him I do not deny it. I have not any recollection of it. I do not remember a thing in the world about the Mitchell matter, but it may be——

Mr. ROBINSON. Perhaps I may refresh the Senator's memory.

Mr. HASTINGS. What difference does it make?

Mr. ROBINSON. It makes a great deal of difference.

Mr. HASTINGS. I have said that if the Senator from Arkansas says I said it to him, I do not deny it. Does that make any difference?

Mr. ROBINSON. I think the Senator will remember it when I recall to his mind a circumstance that happened during the conversation. Two other Senators on the other side of the Chamber at other times objected to the consideration of the Mitchell bill. They later announced their withdrawal of the objection. Does the Senator from Delaware recall stating to me that the "buck" had been passed up to him by the other side to hold up and prevent the passage of the Mitchell bill?

Mr. HASTINGS. I say, I do not remember any such thing.

Mr. ROBINSON. Very well.

Mr. HASTINGS. But if the Senator from Arkansas says I said it to him, I do not deny it. I have done that before, and I perhaps will do it again if I get a good chance. I have no apology to make for that sort of thing; but I repeat that if Mitchell did not get his dues and was punished by Republicans, it is due to the Democrats in the Congress and the Democratic President, because they have now been in control of the Government for 3 years. So do not make that as an excuse now for doing a wrong to a great Army officer.

But, Mr. President, regardless of the precedents to which the Senator from Texas and the Senator from Arkansas call attention, and with respect to which they seek to put me on the defensive, I say they are wholly beside the point for this reason—here is what General Hagood said:

> I have been told by the Chief of Staff that I am perfectly free to express any opinions or answer any question that may be asked by this committee.

All so-called precedents are out of the window in this case, because the House of Representatives long ago established the practice that before they will bother to hear what an Army officer says, or a Navy officer either, they insist that the officer above the one who comes before them shall give him permission to come before the Congress and say what he pleases. I challenge anybody to find, in what General Hagood said, anything that can be construed to be political. I challenge anybody to find anything that has not been said by the best Democrats in the land. I challenge anybody to compare General Hagood's statements with what the Representative from Texas yesterday said; and he said he agreed 95 percent with what General Hagood told the committee. Now, notwithstanding that background, and notwithstanding the fact that Democratic Members of Congress insist that what General Hagood said was true, it is claimed that he was making himself a politician, and that such actions ought to be curbed in the Army.

Mr. President, we have seen here today further evidence of this terrorism in government.

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

Mr. HASTINGS. We have heard the Senator from Arkansas warn another officer that he might very well have the same punishment unless he is more careful.

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

Mr. HASTINGS. Yes; I yield.

Mr. ROBINSON. With all due respect to the Senator from Delaware, the Senate has heard nothing of the kind,

because I have not said it. I did make the statement that I believed that another corps area commander was in the business of politics, and the Senator challenged me to name him, and I named him.

Mr. HASTINGS. And what did the Senator say about him?

Mr. ROBINSON. I have not warned him. I do not care what happens to him.

Mr. HASTINGS. What did the Senator say about him before naming him?

Mr. ROBINSON. I said he was actively engaged in politics, sponsoring the cause of a candidate, and feeling very gleeful about it. I will state to the Senator that I say that upon information which I think is very authentic.

Mr. HASTINGS. Did not the Senator intend that word to be carried to the officer through the newspapers?

Mr. ROBINSON. No; I did not. The Senator from Delaware invited me to make the statement, and I have made it. Since the Senator has raised the question, however, I think it would be well for all Army officers to take into consideration the regulations that bind them and to observe the regulations when they can do so.

Mr. HASTINGS. I only stated what the Senator said. The Senator from Arkansas, in talking about General Hagood, said, "There is one other officer, too", intimating that that officer might have coming to him the same fate as General Hagood unless he was more careful. I say there is beginning right here, and there has been going on for some time, an intimation to the people of the land that if they express themselves against this administration, they may very well expect some kind of punishment to come to them.

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

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

Mr. HASTINGS. Yes; I yield.

Mr. ROBINSON. Of course, the Senator understands that I think his issue pertaining to free speech and free press, insofar as it relates to the affairs of the present administration, is wholly without foundation. I do not think there was ever a time in the history of the country when the right to speak and the right to write has been more liberally enjoyed than at this time; and I believe the Senator from Delaware will agree if he will just put himself in a frame of mind to agree with the Senator from Arkansas about anything.

I wish to ask the Senator from Delaware whether he thought it was proper for General Hagood to criticize the committee before which he was appearing for trying to economize in connection with the Army. Does not the Senator know, and does not General Hagood know, that the committee reported to the House of Representatives, and the Congress is in the process of passing, the largest Army appropriation bill that was ever passed in the history of the country? Does not the Senator know that the bill carries more than half a billion dollars; and does the Senator from Delaware put the seal of his approval upon Army officers condemning the Government and condemning the Congress for failing to provide a lump sum of one hundred and twenty-odd million dollars, or whatever the lump sum was, to be turned over to the Army to construct such buildings as they desire in connection with a bill carrying half a billion dollars?

There is no justification for the contention the Senator from Delaware is making. Of course, General Hagood had a right to express his opinion about appropriations; but does the Senator from Delaware think General Hagood kept himself within the limits of fair and appropriate comment on the subject about which he was testifying? If every Army officer in the United States should condemn as "hobbies" measures that are advanced and plans that are proceeded with, if he should be encouraged to criticize everything that was done, and to insist that large appropriations, far in excess of any amount that had ever been authorized, should be made, and that it was unpatriotic for the House of Representatives or its committee to fail to make the appropriations, does the Senator from Delaware think that would be proper conduct on the part of a United States Army officer? If he does, I have no quarrel with him. So far as I am concerned, he may take any position he wishes to take.

Mr. HASTINGS. I may say, in reply, that what General Hagood said about this administration is nothing compared to what I am about to say—and General Hagood was in the same kind of position that I am in; namely, he was a free citizen. His superior officer had told him that he might go before the committee and express his own views, and that is exactly what he did. What I complain about is that after he did that, and expressed his honest views and, it seems to me, talked very sensibly before the committee, he was punished.

Has the Senator from Arkansas found something else to which he wishes to call my attention before I proceed?

Mr. ROBINSON. I did not intend to interrupt the Senator further; but since he invites it, I wish to make reference to another record that was made in the Senate.

On August 24, 1935, I asked for the consideration of the Mitchell bill. Another Senator on the other side of the Chamber rose and used this language:

> Mr. President, this bill would place Colonel Mitchell in a status other officers earned by loyal and faithful service. The record shows that a court martial found him guilty of contemptuous and insubordinate utterances with intent to discredit the administration of the Navy Department. The record shows that the court martial found that Colonel Mitchell by his utterances conducted himself to the prejudice of military discipline and to the discredit of the military service.
>
> President Coolidge, in approving the sentence imposed after a court martial and review of the record, stated, among other things.

Then there is a quotation from the President's approval. The discussion continued for some time, the Senator from Vermont [Mr. AUSTIN] and the Senator from Wisconsin [Mr. LA FOLLETTE] participating in it; and finally objection was made to the consideration of the bill.

Mr. HASTINGS. I did not have anything to do with that, did I?

Mr. ROBINSON. Yes; the Senator was acting in conjunction with other Senators on his side of the Chamber, according to the statement to which I have already referred.

Mr. HASTINGS. Does the RECORD show that?

Mr. ROBINSON. No; the RECORD does not show that.

Mr. HASTINGS. Who made the statement which the Senator has read?

Mr. ROBINSON. The Senator from Vermont [Mr. AUSTIN]. The Senator from Delaware later said to me that the "buck" had been passed up to him to carry on the matter, and that he was getting tired of it. I should not have made that reference if the Senator had not challenged me to do it.

Mr. HASTINGS. Mr. President, some time ago I was discussing the situation at the women's patriotic meeting where two marine officers had agreed to speak, where the Marine Band had promised to come and furnish the music for the banquet on the night when it was expected to hold a patriotic service; and that day these good women—representing, as I say, 500,000 women of the Nation—were informed that the marine officers would not appear.

They went on with their program, and then suddenly the members of the Marine Band took up their instruments and walked out. Colonel Roosevelt, the Assistant Secretary of the Navy, some days after much criticism had been expressed with respect to the matter, took all the blame upon himself.

Mr. President, I cite that incident, which happened a few week ago, merely to show the determination at the White House to crush every kind of criticism that is leveled at the present administration. The incident involving the patriotic women's society was particularly unfair, because that society had nothing to do with the criticism, and I repeat that I assume those ladies had a right to expect that a distinguished former Democratic Secretary of State would not offend this administration; but he, like other people who dare raise their voices against it, does offend.

It seems to me that that kind of thing shows the trend, plus what we have seen here, with the Chief of Staff issuing an order to General Hagood and others that they were perfectly free to go before a committee and express their own opinions with respect to anything and answer all questions that were asked them. Suppose, for instance, that under those circumstances General Hagood had been asked the particular question as to whether he thought the money that was coming from the W. P. A. to the Army was being economically expended, and he had said, as he stated in his testimony, that he could take the same amount of money and do twice as much work with it or could do the same amount of work with half the money. What kind of an answer would he have given if he had been asked that question? Would there have been any harm in his answering as he did? Would he have been reprimanded for answering that kind of a question; and is there any difference between answering a question and volunteering to a committee which is trying to find out what the Army actually needs?

The Senator from Arkansas talks about the great appropriations for the Army and the Navy, and as he talks about them I remember the plank in the Democratic platform in which they condemned the Republican Party for appropriating pretty nearly a billion dollars, they said, for the Army and the Navy, but it takes this administration in this year to put the Army and Navy bill over and above a billion dollars, an expenditure of which they complained and because of which they got votes.

Mr. President, in addition to that, let us look for a moment and see whether or not there is any justification for the criticism of General Hagood. We heard yesterday in the Senate a most remarkable declaration of facts about the State of West Virginia, and I want to be permitted to read some of that statement, because I think it worth while to keep drawing attention to the facts until we know something more about the W. P. A. I do it for the purpose of showing——

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

Mr. HASTINGS. I yield.

Mr. CONNALLY. While the Senator is on the military matter I wish he would answer about the Butler case, before he leaves for West Virginia.

Mr. HASTINGS. Does not the Senator understand when I do answer it? I make this distinction, and this is the only distinction I endeavor to make. I do not know anything about the Butler case, and I said to the Senator that I did not care to know about it, because I could answer him without knowing about it, and I read to the Senator exactly my answer, and I will read it to him again and see if he understands this. This is what General Hagood said to the committee.

Mr. CONNALLY. Mr. President——

Mr. HASTINGS. Just a moment. Let me answer.

Mr. CONNALLY. I am not talking about——

Mr. HASTINGS. Just a moment until I answer the Senator, and then he may ask me another question.

The PRESIDING OFFICER. The Senator refuses to yield.

Mr. HASTINGS. I will answer the Senator's question first; then he may ask me another question. Let me read the answer; and will the Senator hear it? This is Hagood's testimony:

> I have been told by the Chief of Staff that I am perfectly free to express any opinions or answer any questions that may be asked by this committee.

I say that is an answer, and that destroys all the precedent there is, unless the Senator has one based upon some such testimony as that, and the Senator from Texas does not pretend to have any such thing in the Butler case. If he has, then his question is a pertinent one, but until he does have, it is not pertinent.

Mr. CONNALLY. Mr. President, will the Senator yield now?

Mr. HASTINGS. I yield.

Mr. CONNALLY. The Senator does remember that there was a Butler case, does he not?

Mr. HASTINGS. No; I do not remember that there was a Butler case.

Mr. CONNALLY. Does not the Senator remember that President Hoover disciplined General Butler when he made some remark about Mussolini running over a child in Italy, and had him threatened with court martial?

Mr. HASTINGS. I have some faint recollection of it. But what of it? Whether I remember it or whether I do not is not important.

Mr. CONNALLY. I just hoped the Senator's memory was better as to what happened in the administration of his party than in the Democratic administration.

Mr. HASTINGS. The two cannot be compared, as I have pointed out, and you will struggle more than that before you get rid of this Hagood matter.

I wish to read and refresh the recollection of Senators about what is going on in West Virginia, as Senators who were here yesterday heard, and for the benefit of those who were not present I shall read a few paragraphs of what was stated, and I want to comment upon it. This is the statement:

> Of the 21 increases we find there are 19 raises in salaries from $208.33 up to $250. But I can give that better by another record of the increases in salaries in the W. P. A. Here is a man who used to get $45 a week working, and today he gets $2,340.
>
> We find another person who was working for the F. E. R. A. at $150 a month. How much do you suppose Mr. McCullough put him on the pay roll for? Three thousand dollars a year, or $100 more a month than he used to get in the F. E. R. A.
>
> Here is another fellow who colored this beautiful picture that you saw here. He used to get around $40 a week as a newspaper writer. He used to earn $40, but now he is on the pay roll at $3,400 a year. I admit that he might be very good.
>
> Then we find another person with a salary of $1,000 who was put on the pay roll at $3,200 a year.
>
> Another, who used to get $255 a month, is drawing from the relief office $3,600 a year.
>
> We find another who used to get $5 a day whenever he worked, and do you know what his salary is today? It is $3,400 a year and expenses.
>
> I will give a few more. An employee of the county court earned $175. He quit that job and went on the W. P. A. at $250 a month.
>
> We find an F. E. R. A. employee who earned $30 a week put on the W. P. A. pay roll at $2,400 a year.
>
> We find a bus company employee, earning $1,800 a year, given a job at $3,000 a year in the W. P. A. set-up.
>
> We find another F. E. R. A. man earning $35 a week who now is getting $2,400 a year.
>
> Another one who used to work for the State road commission at $120 a month we find now on the W. P. A. getting $2,700 a year.
>
> We find another one in the same office who previously got $2,100 a year, but now has been raised to $3,600 a year.
>
> Then another who earned about $125 a month we find him put on the pay roll at $3,100 a year.
>
> We find a former housewife who used to stay home; she is put on the pay roll at $2,400 a year.
>
> We find another person who used to get $45 a week put on the pay roll at $4,500 a year.

I do not care whether one is in the Army or whether he is out of it, he has a right to oppose and object to that sort of thing, which is going on in this country.

Let us inquire whether or not it is confined to the State of West Virginia. I quote from one of the newspapers of my own city—the Journal-Every Evening, of Wilmington, Del.—under date of November 12, 1935. The headline is:

> Annual pay-roll scale for W. P. A. office workers reaches $111,692 here. Bankson T. Holcomb, with a staff of 66 helpers, had put 935 persons to work by November 1. But all of these were from the county relief rolls.

One hundred and eleven thousand six hundred and ninety-two dollars, with a staff of 66, to put 945 persons to work.

Mr. President, while we are talking about it, let us inquire what these people are doing. But before I do that, with respect to this terrorism about which I am talking, it will be recalled that the junior Senator from West Virginia [Mr. HOLT] a week or so ago made a speech upon this subject. Under date of February 22 we find in the Washington Herald this article:

> SENATOR'S KIN IS FIRED BY W. P. A.
>
> PARKERSBURG, W. VA., February 21.—Matthew H. Holt, a brother of United States Senator RUSH D. HOLT (D.), of West Virginia, said today he had been discharged as district engineer of W. P. A.
>
> District Director Abe Forsythe, who confirmed Holt's announcement, made public the discharge letter:

"Effective today and for the good of the service, I am terminating your employment with the Works Progress Administration in West Virginia."

Senator HOLT's brother was thrown out after the Congress Member told the Senate W. P. A. Administrator F. Witcher McCullough was trying to elect himself Governor through W. P. A.

Matthew Holt declared McCullough had asked him to "set up this district to elect him Governor" and that he declined to do so.

McCullough, however, publicly announced he is not nor will be a candidate for Governor.

There is more terrorism, Mr. President. Not even a United States Senator can criticize this administration and continue to have his brother on the Government pay roll, because what I read shows that the brother loses his job within 2 or 3 days.

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

Mr. HASTINGS. I yield.

Mr. NEELY. It is certainly refreshing to hear the Senator from Delaware [Mr. HASTINGS] fortify his bitter attack on the Roosevelt administration with quotations from the speech which was delivered yesterday by the junior Senator from West Virginia [Mr. HOLT]. Many of those present will recall that a few months ago, when the contest against the junior Senator from West Virginia was before this body, the Senator from Delaware vigorously demanded that Senator HOLT be deprived of his seat, while I implored the Senate to give the young man the place which he now holds. But the Senator from the home of the sponsors of the Liberty League now apparently finds an ally in the junior Senator from West Virginia and great encouragement and comfort in the attack which the young man made on the Works Progress Administration in West Virginia.

But will not the Senator from Delaware, before raising a magnificent structure of partisan argumentation upon the foundation to which he has referred, wait until he shall have learned from an unbiased, reliable source whether the charges against the Works Progress Administrator for West Virginia are justified or utterly destitute of merit?

An investigation of the charges made by the junior Senator from West Virginia has been ordered. That investigation will, in my opinion, show that Mr. McCullough has efficiently, faithfully, and in a praiseworthy manner performed the duties of his office.

It is not my intention to impose upon the patience of the Senate or violate its well-recognized and generally respected proprieties by voluntarily participating, in this august presence, in the washing of the political linen of West Virginia, no matter how deplorably someone may have ignorantly or maliciously soiled it. But at the proper time I purpose to expound, in what I trust will be considered a proper manner, the other side of the Works Progress Administration's case so far as West Virginia is concerned. Until after the completion of the thorough investigation which Director Hopkins has, with praiseworthy promptitude, already ordered, I shall endeavor to hold my peace.

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

Mr. HASTINGS. I yield.

Mr. HOLT. Will the Senator from West Virginia [Mr. NEELY] state one single, solitary fact in either one of my speeches that is untrue? I defy him to do it now or at any time.

Mr. NEELY. Mr. President, will the Senator from Delaware yield?

Mr. HASTINGS. I yield.

Mr. NEELY. The senior Senator from West Virginia will at the proper time and in the manner which he considers appropriate discuss the charges which the junior Senator from West Virginia has made against Works Progress Administrator McCullough, whom the Senator himself enthusiastically recommended for the office which Mr. McCullough now holds and the duties of which he has most capably performed.

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

Mr. HASTINGS. I yield.

Mr. HOLT. I say that my colleague has been unable to defy or challenge any of those facts. I again ask him to challenge any fact that I gave; and I will name the person; and I will name the date; and I will name the place; and I assure him that the action will be accepted by the people of the State of West Virginia that would repudiate the Administration in West Virginia.

Mr. NEELY. Mr. President, will the Senator from Delaware yield?

Mr. HASTINGS. I yield.

Mr. NEELY. Mr. President, the senior Senator from West Virginia is not unable to challenge any of the facts, or rather the alleged facts which the junior Senator from West Virginia has stated. But the senior Senator from West Virginia declines to afflict his colleagues with a discussion the merits of which, in existing circumstances, would have nothing but expressions of opinion to support them. Soon after the completion of the investigation, which has been ordered, the Senate will be supplied sufficient reliable information to enable its membership to determine how much consideration the charges of the junior Senator deserve.

Mr. HASTINGS. Before the Senator from West Virginia takes his seat will he answer a question?

Mr. NEELY. Gladly.

Mr. HASTINGS. Will the Senator from West Virginia personally join in a request for a complete investigation of the P. W. A. in West Virginia as well as in all other States of the Union?

Mr. NEELY. Mr. President, the senior Senator from West Virginia has no authority to speak for any State excepting his own. So far as that State is concerned, he anticipated and answered the inquiry of the Senator from Delaware by asking Director Hopkins yesterday afternoon to order an immediate, thorough investigation of every charge that has been made against Works Progress Administrator McCullough. The senior Senator from West Virginia will unqualifiedly and cheerfully acquiesce in the decision which Mr. Hopkins' investigators may render, and will, to the best of his ability, if necessary, defend their decision on the floor of the Senate. If the investigation establishes the fact that any person, within or without the Works Progress Administration, has subverted, or attempted to subvert, this great humanitarian agency for selfish ends, he will deserve to be mercilessly exposed and unanimously condemned.

Mr. HASTINGS. Mr. President, does the Senator from West Virginia think an investigation by Mr. Hopkins of his own conduct of his office would be entirely satisfactory to the country?

Mr. NEELY. Mr. President, it would probably not be satisfactory to the Liberty League, which is largely financed by the citizens of the Senator's State. It would probably not be satisfactory to the Manufacturers' Association, or even to the chairman of the National Republican Senatorial Committee.

Mr. HASTINGS. I can speak for him.

Mr. NEELY. But it would be preeminently satisfactory to all the fair-minded people of the State of West Virginia and to all the fair-minded Members of the Senate. Mr. Hopkins is a most capable, industrious, and faithful public servant. The record of his service to the distressed people of the United States during the last 3 years is brilliant beyond the possibility of exaggeration. He has fairly and fearlessly discharged his duty in the past. He may be depended upon to discharge it fairly and fearlessly in the future. Since the Senator's inquiry seems to imply that Mr. Hopkins' investigation might be influenced by political considerations, let me observe in passing that Mr. Robert Roth, a most honorable and efficient, lifelong Republican of unquestioned loyalty to his party, was in the very beginning made the manager of the district Works Progress office which is situated in Fairmont—the city in which I live. That gentleman continued in charge of that office until late last year.

Mr. HASTINGS. Why did they throw him out?

Mr. NEELY. Mr. President, as usual, the Senator's partisan conclusion is erroneous. Mr. Roth was not "thrown out." He voluntarily resigned to accept from a prominent coal company a better appointment than the one which he held in the Works Progress Administration. Before I left West Virginia on the 10th day of last October for the Philippine Islands I heard a rumor to the effect that an attempt might be made to remove Mr. Roth during my absence. In order to prevent such action, I requested my assistants to

oppose, in my name, any effort that might be made to dispense with Mr. Roth's services while I was abroad. When I returned to West Virginia on the 19th day of December, I learned for the first time that Mr. Roth had resigned his office in order to accept private employment.

The Honorable Howard Gore, of Clarksburg, a distinguished, patriotic, lifelong Republican, who was once Governor of West Virginia and once a member of a Republican President's Cabinet, was, at a nominal salary, appointed by Mr. McCullough to help make the Works Progress Administration a success in West Virginia. A large number of other Republicans of unquestioned party loyalty are helping, and very faithfully helping, Mr. McCullough to administer Works Progress relief throughout the State of West Virginia.

Excepting the charges which the junior Senator from West Virginia has made against Mr. McCullough, I have heard practically no criticism of him that was not based upon the allegation that he had given appointments or employment to too many Republicans to the possible prejudice of members of his own political party.

Mr. HOLT. Mr. President——

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

Mr. HASTINGS. I yield to the junior Senator from West Virginia.

Mr. HOLT. It is true that Mr. Roth is a Republican, but in every single county in that district he had to consult a certain political boss or bosses. I have the list in my office and will be glad to bring it here, showing the names of those appointed, and the name of the boss whose endorsement he had to have before he could get anybody appointed.

Mr. Gore, who had been Governor of the State of West Virginia, was put on as a dollar-a-year man, and is not drawing a salary from the W. P. A.

Mr. NEELY. I challenge the junior Senator from West Virginia to obtain from Mr. Roth a statement that will, in the slightest degree, confirm, or tend to confirm, the charge that he has just made to the effect that Mr. Roth was obliged to consult some political boss or bosses before he could make W. P. A. appointments. Mr. Roth is the soul of honor and veracity. Whatever he says concerning this or any other matter will be true in every detail. I am certain that he would say, under oath, that although his offices and mine were but a few hundred feet apart during the period of his service as manager of the Fairmont office, that I never attempted to dictate to him, or to control his action in the matter of making a single appointment, or concerning the manner in which he should discharge any of his official duties.

In view of the situation thus indicated, there is certainly no reason to believe that an investigation by Mr. Hopkins, or one of his appointees, would not be thorough and fair in the highest degree.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. Just because the Senator from Delawar makes a political speech, is that any reason we should wash all the dirty clothes in the whole United States at one time?

Mr. HOLT. Mr. President——

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

Mr. HASTINGS. I yield.

Mr. HOLT. If the Senator from Delaware intends to speak for a while longer, I will go to my office and get the original list filed with me by the Director showing the names of the appointees, who put them on, and showing the backing of the persons put on.

Mr. HASTINGS. Well, Mr. President, I shall be proceeding for some while. I had no thought by reading from the speech made yesterday by the junior Senator from West Virginia of stirring up any trouble. When I read it I assumed, of course, the junior Senator from West Virginia would not have made the statements unless they were true. I had no prejudice against him because I voted against seating him; I did not think, under the Constitution, that he ought to be seated; but that did not mean that, after he had become a Member of the Senate, I would not treat him as I did other Senators; and I assumed when he made a speech on the floor of the Senate giving facts that he knew what he was talking about.

In addition to that, Mr. President, as I read that speech this morning, and read the facts set forth, I became very certain, in my own mind, that an investigation by the Senate or by any fair congressional committee would show that a similar condition existed in the 48 States of the Union, including Texas. [Laughter.] I do not know that to be true, but I should suspect it to be true. I mentioned Texas merely because the Senator from Texas [Mr. CONNALLY] seems to be somewhat interested in my speech.

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

Mr. HASTINGS. I yield.

Mr. CONNALLY. I beg the Senator's pardon. I usually hang to his honeyed words with a great and tenacious grip, but I missed his reference a moment ago. Would he mind repeating what he said about my State?

Mr. HASTINGS. I suppose the Senator wants me to repeat it so as to give him time to think of an answer.

Mr. CONNALLY. If the Senator doubts my word, I will not ask him to yield.

Mr. HASTINGS. I suggested for the benefit of the Senator from Texas that I suspected——

Mr. CONNALLY. The Senator usually does. [Laughter.]

Mr. HASTINGS. I never suspected the Senator from Texas of doing anything except looking out for himself and his party. Outside of that I do not suspect him, and that is fair enough.

Mr. CONNALLY. Very well; let the Senator go ahead with his "suspects."

Mr. HASTINGS. I suspect that if we got at the facts, we should find the same condition in Texas that was described here yesterday by the junior Senator from West Virginia [Mr. HOLT].

Mr. CONNALLY. If the Senator will yield, I will say that I suspect that the Senator from Delaware does not know anything about what he is talking about or about what he suspects.

Mr. HASTINGS. That is true; I do not.

Mr. CONNALLY. The Senator from Delaware goes around with a magnified "suspect" as to everybody's political actions except his own.

Mr. HASTINGS. I suspect them once in a while.

Mr. CONNALLY. The Senator said he wanted to get at the facts. If the Senator wants the facts, I will tell him all the facts I know as to the set-up in Texas.

Mr. HASTINGS. Let me ask the Senator whether he will join me in a resolution——

Mr. CONNALLY. No; I will not join with the Senator——

Mr. HASTINGS. Wait a moment.

Mr. CONNALLY. I will not join with the Senator in anything until I look at it very carefully and microscopically. [Laughter.]

Mr. HASTINGS. Will not the Senator join me in the advocacy of an ordinary resolution, in the regular form, providing for investigation of the W. P. A., including that in the State of Texas?

Mr. CONNALLY. This thing of the Senator's suspections is so contagious that I am not going——

Mr. HASTINGS. I understand.

Mr. CONNALLY. To make any pledge.

Mr. HASTINGS. Mr. President——

Mr. CONNALLY. Wait a moment. The Senator wanted the facts about Texas.

Mr. HASTINGS. Oh, no; I did not.

Mr. CONNALLY. The Senator said that if we could get at the facts we would find that in the 48 States, including Texas, conditions were like those in West Virginia.

Mr. HASTINGS. Mr. President, is the record showing that the Senator from Texas is mocking me or is it not?

Mr. CONNALLY. I beg the Senator's pardon if I mocked him.

Mr. HASTINGS. No; the Senator is trying to do so, but he is not succeeding.

Mr. CONNALLY. I beg the Senator's pardon.

Mr. HASTINGS. That is all right.

Mr. CONNALLY. If the Senator has any feeling, I will take my seat.

Mr. HASTINGS. I have no feeling in the world, but I should like to finish this speech today if I can.

Mr. CONNALLY. If I could imitate the Senator, I would like to do so.

Mr. HASTINGS. Because it would do the Senator from Texas a lot of good.

Mr. CONNALLY. Because I realize that to get in the Senator's class would be a great achievement to which I never aspire. But I want to tell the Senator, inasmuch as he has challenged the particular situation in every State in the Union, that the Works Progress Administrator in Texas has not appointed one single individual upon the endorsement of the Senator from Texas.

Mr. HASTINGS. Oh!

Mr. CONNALLY. The Senator from Texas has not made any endorsements for public office.

Mr. HASTINGS. The Senator from Delaware has not said that he did.

Mr. CONNALLY. The Senator from Texas had the public administrator in his office when he was here in Washington and told him that he expected him to carry out the instructions of the President of the United States and run the Works Progress Administration on a nonpolitical basis.

Mr. HASTINGS. Let me tell the Senator——

Mr. CONNALLY. And the Senator from Texas has had no one appointed on his recommendation—not one.

Mr. HASTINGS. May I say——

Mr. CONNALLY. I know how incomprehensible that is to the political-minded Senator from Delaware.

Mr. HASTINGS. No.

Mr. CONNALLY. A man who comes from Delaware does not understand machine politics; of course, he knows nothing about bossism; he knows nothing about rival political organizations. A State with three counties when the tide is out and a county and a half when the tide is in [laughter], and over which the Senator can make a campaign in the afternoon before teatime does not know anything about machine politics.

Mr. HASTINGS. Now, is the Senator through? I will wait until the Senator takes his seat, because I want to say to him that the very reason I suspect Texas in this matter is because the Senator from Texas has had nothing to do with the appointments. [Laughter.] Of course, if the administration had done the reasonable thing and had come to the two Senators from Texas and asked their advice, I know they would have named good men. Of course, I know they would have named Democrats; they would have said to me, "We cannot find Republicans down there and we have to name Democrats"; but I know that if they had named them the appointees would be good men. The trouble is they have let Harry Hopkins do the job; they have let Harry Hopkins run it, or Ickes, or somebody else, who does not know any more about it than he ought to know. That is what I complain about.

It has been suggested that an investigation is about to be made of conditions in West Virginia by Mr. Harry Hopkins. I want to call attention to some of the things Mr. Harry Hopkins has done, and then ask whether or not Senators think any investigation by him would be at all helpful to the American people.

I think it was Mr. Harry Hopkins who created the word "boondoggling"; and it was the President of the United States who said, "If we can 'boondoggle' ourselves out of this depression, that word is going to be enshrined in the hearts of the American people for many years to come", and so on. Then we find—I will read a news item which does not pertain to West Virginia or Texas either, but is found in the Chicago Daily News:

> Nation-wide sentiment that the W. P. A. work-relief program had failed to solve the relief problem was reflected at a conference of the American Association of Social Work just concluded in Washington, Joseph L. Moss, superintendent of the Cook County bureau of public welfare, reported here today.
>
> * * * * * * *
>
> The whole country is in the same boat, according to the reports at the conference. These reports also agreed that W. P. A. is not a solution.

I wish to quote from a Washington Post editorial headed "A victory for boondoggling", as follows:

> This so-called reshaping of funds, as a matter of fact, means that various types of "boondoggling" will be continued at the expense of long-range projects of a more useful type. While no details are available as to the sources of funds to be transferred, the money needed to carry the Hopkins organization to July 1 can be found only by dipping into sums allocated to permanent improvements.
>
> * * * * * * *
>
> It has been convincingly shown that the W. P. A.'s policies are wasteful of public money and productive of very limited social benefits. Moreover, they are not conducive to a transfer of relief workers to private industry. In spite of the improvement in business since last spring, it is estimated that over 11,000,000 persons are still without regular work in private employment. Yet the administration proposes to cut down allocations for the kind of public works that stimulate the heavy industries and help to create real jobs, in order to carry on discredited boondoggling activities that temporarily relieve distress but provide no permanent solution of the employment problem.

Those were the things about which General Hagood was talking. Let me read from a speech delivered by Representative LEHLBACH, and I think the Senator from Tennessee [Mr. McKELLAR] will be interested in this. He said:

> You think this Passamaquoddy project is a sole exception and not typical of the insensate spending orgy now going on? Well, let's look at the dog pound in the city of Memphis, Tenn., for the building of which $25,000 of W. P. A. money has been allocated. I saw some days ago in the New York Sun a reproduction of the architect's sketch of this dog house, and I certainly wish I could live in as handsome a building as the Memphis dogs will occupy. The dogs will have individual pens with fresh bedding every day, exercise runways, shower baths, and every other imaginable comfort of home.

These dogs are not valuable dogs. These are just stray dogs brought in there. If the owner does not claim them in 3 days, after they have had a bath and a night's rest, they are taken into a gas chamber and the gas is turned on and they are killed.

Mr. NEELY. Why do they not bring them to the Senate Chamber?

Mr. HASTINGS. If they would let them listen to the Senator from West Virginia, a little while, it would have a bad effect on them.

Mr. NEELY. It would not make them more vicious than the Senator from Delaware is toward the present administration.

Mr. HOLT. Mr. President, will the Senator from Delaware yield?

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

Mr. HASTINGS. I yield.

Mr. HOLT. A while ago I made the statement with reference to the Works Progress Administration in West Virginia. I have here now the original copy filed with me on the 27th day of January, and it lists the following bosses:

Taylor County, W. J. Gates.

Harrison County, Howard L. Robinson, who is district attorney.

Marion County, C. E. Smith, Homer Toothman.

In Ohio County, Robert J. Riley.

In Barbour County there is a committee to pass upon the applications.

In Preston County, J. W. Gibson, who is assistant United States attorney.

I have the list and if anyone wants to know how anybody in the Fairmont district got on the roll, I will name his name and tell who put him on the roll.

Mr. NEELY. Mr. President, will the Senator from Delaware yield?

Mr. HASTINGS. I yield.

Mr. NEELY. Will the junior Senator from West Virginia also state that there is now on file in the Fairmont office a communication from him demanding, in effect, that Fuccy Bros., of Weston, never be given a dollar's worth of W. P. A. work because they have not supported him?

Will he also state that there is another communication in the Fairmont office from him in which he urges that a man in the Clarksburg district, whose name I have forgotten, be placed on the W. P. A. pay roll?

After the record of the investigation which has been ordered becomes available, the Senate will experience no difficulty in determining who has endeavored to utilize the Works Progress Administration in West Virginia for improper purposes and selfish ends.

Mr. HOLT. Mr. President, will the Senator from Delaware yield further?

Mr. HASTINGS. Very well.

Mr. HOLT. I shall answer my colleague tomorrow definitely, but as to the telegram with reference to Fuccy Bros., they were connected with the old relief administration and had been guilty of some practices in my own home city against which I protested most vigorously. As to patronage, I believe that can be discussed and it can be shown who put men on the roll. I shall submit the originals and place them all in the RECORD showing who did put these people on the pay roll. So far as dealing with them is concerned, I should like to have the senior Senator from West Virginia tell me what he said about Harry Hopkins last August in the city of Washington?

Mr. NEELY. I do not remember what I said, but I do remember that the junior Senator from West Virginia asked me, in the presence of an unimpeachable witness, if I did not think that he ought publicly to attack Mr. Hopkins. I promptly replied that I thought that that would be the worst way in the world to prevail on Mr. Hopkins to appoint Mr. McCullough works-progress administrator.

Mr. HASTINGS. Mr. President, I want to read a statement, and I think it is a correct statement, referring to the Passamaquoddy project:

> The present work carried on there is the building of a settlement to house the relief workers who are not going to build the dam. Recently the Government advertised for bids for furnishings of the homes the relief workers are not going to occupy. In the remote contingency that workers will occupy these houses, they will certainly lead a more abundant life than most of us can afford to do. The furnishings are to be in colonial style. The furniture must be of dull old-fashioned maple, and the all-wool blankets on the beds must be pastel green with wide taffeta rayon bindings 80 by 60 inches and weighing 2¼ pounds each. The puffs to go over the blankets must be of the down of ducks covered with sunfast rust sateen. The fireplaces must harmonize with the colonial style furnishings. In each reception room there must be two grandfather clocks striking chimes on the hour, half hour, and every quarter hour with dials of silver. The love seats, davenports, wing chairs, coffee and card tables and tilt-top and butterfly tables must be in colonial style, and also the old-fashioned pewter candlesticks. The floor lamps must be the Cape Cod style with soft yellow shade, and the paintings for the walls must be by recognized masters. The workingmen and working women of the country do not live in surroundings like these, but for a generation to come they must earn by the sweat of their brows the money to repay in taxes the many billions of dollars thrown away by the New Deal, of which this Passamaquoddy is a typical example.

Mr. President, when an Army officer like General Hagood, who has lived all his mature life in the Army, who has had under him thousands of men who, as he testified, have lived in huts and little tin houses that were not fit for any kind of human beings to live in, finds that kind of situation and comes before a committee and asks for more money to build new and good houses for his boys in the Army, is it surprising that he should become incensed because, as he said, millions of dollars are going to such fool things as this?

Mr. President, I shall not detain the Senate much longer. I desire to read some headlines from the New York Herald Tribune of February 20:

> Ickes has fine $19,200 mill with nothing to grind but "ifs."

Most of you read that article. It shows that Secretary Ickes has taken an old mill and searched all over the country to find some way to restore it, and after he has it there he cannot even get wheat to it unless he takes it on his back or in a wheelbarrow.

Over an article of February 20 we find the following heading:

> W. P. A. finishing Capital guide, but nobody knows what for.

Other articles are headed as follows:

> No provision to publish tome of quarter million words and no funds available; officials hope someone will print data of 48 States.
>
> Her past (ah! the pity of it!) robs Ruby Bae of W. P. A. job.
>
> Minneapolis officials admit fan dancer tried out for place as C. C. C. entertainer, but arrest barred her.
>
> W. P. A. allots $500,000 to train 7,600 to be model housemaids.
>
> W. P. A. will open boarding school for girls in Illinois to teach community leadership.
>
> W. P. A. digs up 350 substitutes for spinach.
>
> Ickes defends public works by asking more.
>
> Likens present program to eyedropper, and denies theory was "really tried."

I will read a portion of that. He is talking now, I think, about the $3,000,000,000 spent in the last 2½ years for public works. He says:

> It was like sending out a tugboat to capture the Atlantic Fleet. Instead of siphoning enough money into the channels of trade through the construction of substantial public works to do a recovery job we have been using an eyedropper.

Disposing of $3,000,000,000; and yet Mr. Ickes' idea is that it is nothing more than an "eyedropper", so far as the big job to be done is concerned!

> Pinchot charges W. P. A. jobs fees.
>
> W. P. A. studies 1,000 cases of alleged racketeering.
>
> Auto fraud in W. P. A. nets millions here.
>
> Ridder aide quits, charging politics.
>
> W. M. Langsdorf, promoted to deputy last week, protests loss of his old job.
>
> Howell, brother of Democratic aide, indicted in W. P. A. fraud.

Mr. President, since this administration has become a little frightened about the prospect of its own success next November, we have seen it turning the steam on every kind of person who has dared to raise his voice in criticism of it. We have now in the Senate a Lobby Committee which was created at the time when the holding-company bill was being considered by the Congress. It was known to everybody that the holding companies had their agents here, and that they had tried to influence the Congress with respect to that legislation. There was no objection to the organization of that committee. In my judgment it was a very proper thing to do, because with all that was being said and done there was danger that here and there somebody had done something that was wrong; and, if that was true, we were entitled to know what it was. We had public hearings for a long while, or until the holding company bill had passed the Congress; and then what happened? Then we found the Lobby Committee, our own committee, sending out all kinds of questionnaires to all kinds of people who were suspected of being against this New Deal administration!

I sought to obtain copies of those questionnaires. I sent for them in the first place assuming that they were public property, and certainly that a Senator could get them if he desired; but my secretary was told by the clerks in the office of the Lobby Committee that they could not furnish copies of the questionnaires without consulting the chief investigator. Later, they telephoned that the chief investigator could not give them to me, and it would be necessary to consult the chairman of the committee. I saw him here in the Senate and asked him about the matter. He inquired which one I wanted to see. He said, "I assume you want to see the one with respect to the Liberty League." I said, "I want to see all of them." "Well," he said, "you had better come around, and I will show them to you."

Mr. President, since the organization of that committee and since the holding-company bill was passed, we have seen the Internal Revenue Bureau start a reexamination of the income-tax returns of all persons who might be interested in such legislation as that. Why was that done? It was done, I suggest, for no other purpose than to terrorize persons who had enough courage to come before the Congress and tell the Congress that they did not want that particular act passed.

I have no objection to any proper investigation of lobbying, but I do protest against making the people of this country believe they are bound to answer all kinds of questions that may be submitted to them by the Lobby Committee. They send out questionnaires, and they send them out only to those who are suspected of being against the administration. We find no evidence that they have sent them to the lobby that was around here when the bonus bill was before us. We find no suggestion that they are sending them to the American Federation of Labor. We find no suggestion that they are

doing anything except sending these questionnaires to persons who are suspected of doing something against this administration.

Just yesterday I was informed that this very same Lobby Committee had asked the Western Union Telegraph Co. in my State and in my city to furnish to the committee copies of all the telegrams that had been received and sent by the Du Pont Co. during the year 1935. I think that was the time. Why was that done? It is not even suggested that the Du Pont Co. is interested in any legislation here, or has been at any time in the recent past. There is not a single suggestion of that.

I say that before we undertake to investigate lobbying we must determine that the persons investigated are doing that sort of thing. Before we ought to investigate where they get their funds we ought first to determine that their agents are here, and that they are trying to influence the Congress in reference to some kind of legislation. I say that we must be careful in our investigation of lobbying. We must be careful to see to it that we do not prevent a person in America from exercising his right of petition, or give to persons in America the impression that we do not want them to exercise their right of petition which is guaranteed to them under the Constitution of the United States. We do not wish to give to the American people the impression that we can investigate all their personal effects in order to ascertain something that is away beyond any idea that the committee has in mind.

There is a proper way to do these things. I have no objection to their being done in that way; but I insist that this terrorism in government is the one thing that follows dictatorship. I insist that this terrorism in government is the one thing which indicates that dictatorship is in the minds of those who are running this administration. I have always insisted that there was no real danger of a dictatorship here—that it could not come about; but all these acts are just the kind of acts to which a dictator resorts in order to hold on to the power he has.

Mr. President, in my judgment, this terrorism in government is pretty nearly as bad, and unless we put a stop to it it will be worse than the tremendous amount of money we are spending every day foolishly and without any real results to the Government.

I apologize to the Senate for taking so much time; but I think part of that responsibility belongs on the other side.

CONGRESS HAS NO JUDICIAL POWER EXCEPT AS TO IMPEACHMENTS

Mr. ASHURST. Mr. President, a number of persons, respectable in character, have complained against the exercise of the power of the Federal courts to declare acts passed by Congress unconstitutional. Some of the complainants take the position that since we derived our legal procedure from England and that inasmuch as the English courts did not exercise the power to declare an act of Parliament void, it was, therefore, unprecedented and unauthorized for Federal courts in the United States to explore an act of Congress with a view of ascertaining if such act was within the power of the National Legislature.

It will be remembered that the colonial governments in America were grants from the King and were connected with England through the medium of the Crown and not through Parliament. The colonial charters were in fact constitutions, and the words "our constitution" in the Declaration of Independence have particular reference to the colonial charters or grants. These charters differed somewhat as to the powers granted or denied, but they all appear to have contained the provision that local legislation enacted by the Colonies should not be contrary to the laws of England; hence the colonial laws were frequently tested by the charter or by the law of England, and many acts of colonial assemblages were annulled because they did not stand the test as to whether they were in accord with the Constitution; that is to say, with the colonial charter—the grant. Thus the American colonists became familiar with that system and practice.

I now quote from an article written by the Senator from Idaho [Mr. BORAH], whose learning as a lawyer is well known and whose industriousness in research is daily manifest, which article was printed in the CONGRESSIONAL RECORD on January 6, 1936, as follows:

> Years before John Marshall was born it was a settled doctrine in the Colonies that any legislative act of a colonial legislature must be held void if in conflict with the charter or fundamental law of the colony. It was a doctrine which grew up with our constitutional history. It was a doctrine which grew up with American law. Over 500 acts of colonial legislatures were held void under this principle.

I choose also to refer to the able address delivered before the Bar Association of the city of Charleston, W. Va., on January 25, 1936, by the Honorable John H. Hatcher, president of the Supreme Court of Appeals, State of West Virginia.

Moreover, I would direct attention to the address of the erudite junior Senator from Texas [Mr. CONNALLY] before the Virginia State Bar Association August 9, 1935, wherein he demonstrates that under the Constitution it is the duty of the courts to declare whether or not an act passed by Congress meets the test of the Constitution.

In tyrannical governments the supreme magistracy, or the making, construing, and enforcing the law, is vested in one and the same man or one and the same body of men.

In a government where one and the same magistracy makes, construes, and enforces the laws, whether such magistracy be lodged in one man or in a body of men, there can be no public liberty.

It is true that English courts at the time of the formation of our Federal Constitution recognized the absolute supremacy of acts of Parliament. Such recognition, however, did not flow from any suggestion of legislative immunity from review but flowed from the fact that Parliament acted in a double capacity—that is to say, as legislature and as court. Parliament possessed legislative and judicial powers. Parliament was a court, the old curia regis or aula regis—a court established in England by William the Conqueror in his own hall—long before Parliament possessed the legislative power. In other words, when our Government was formed there were reposing in Parliament both legislative and judicial powers; hence, an act of Parliament was both supremely legislative and supremely judicial.

In this connection it must be remembered that when our Federal Constitution was formed much care was taken to see to it that the three powers of government—to wit, the judicial, the executive, and the legislative—should be lodged in different magistracies—different officials—and that these powers should not be permitted to repose in or be exercised by one and the same magistracy.

The Constitution of the United States (art. II, sec. 1) says:

> The executive power shall be vested in a President of the United States of America—

And (art. III, sec. 1) that—

> The judicial power of the United States shall be vested in one Supreme Court and in such inferior courts—

And so forth.

Bear in mind that the executive power shall be vested in a President and the judicial power shall be vested in one Supreme Court, and so forth, but the Constitution did not vest in the Congress all legislative power, but only such powers as were granted and enumerated. The Constitution says that all legislative powers herein granted shall be vested in a Congress (art. I, sec. 1).

Observe the scrupulous phrasing wherein executive power is granted to the President, judicial power to the Court, but that only such legislative power as is granted, is lodged with the Congress; and this was done because the makers of the Constitution desired it to be crystal clear that the Federal Legislature was to be of limited power and that certain rights and powers of the States were not granted to the Federal Government but were reserved to the States. The States possess all the rights and powers not denied to them by the Federal Constitution, whereas Congress possesses only such power as was granted to it by the Federal Contitution.

Parliament was not a body of men with delegated, limited authority. It was a body of men supremely legislative and

supremely judicial. The Congress of the United States is a body of men with delegated, limited authority, with no judicial power except as to impeachments and the qualifications of its own Members, and it is not even supremely legislative, as the States possess the powers that were not granted to the Congress. The belief that Congress possesses absolute and unlimited power is a devastating error into which many well-meaning persons have fallen.

The Constitution makers would have recoiled from the suggestion of granting to Congress the judicial power, and they would have recoiled with repugnance and alarm from the suggestion of granting to the judiciary the legislative power.

Some of the ablest lawyers, not only of our time but in bygone days, complained with not a little reason against judge-made law. The United States courts are and ought to be independent of the Army, independent of the Navy, independent of the Treasury, independent of patronage, independent of popularity, and must be content to remain so. Legislative power is the power to make laws. Judicial power is the power to declare laws. Executive power is the power to enforce laws.

The power to declare the law, of course, comprises the duty to determine what is the law and what is not the law. Article VI of the Constitution, among other things, says:

> This Constitution, and the laws of the United States which shall be made in pursuance thereof * * * shall be the supreme law of the land * * *.

An act not made in pursuance of the Constitution is, of course, not a law. The judicial power may not make laws, but must declare, when its jurisdiction is invoked, whether an act of Congress is in pursuance of the Constitution; and if not made in pursuance of the Constitution, it is not a law.

A judicial review of acts of Congress is not an offshoot of English law, but is an American development arising from colonial practice out of a wholesome effort to keep separate the legislative power and the judicial power. It would be baleful to public liberty in our country for the legislative and the judicial powers to be centered in one and the same magistracy. Our genius of government is built upon the separation of the legislative, the executive, and the judicial power; and I doubt if, upon serious second thought, any enlightened friend to civil liberty will argue that these three powers should be centered in one and the same magistracy.

The legislative powers granted to Congress are enumerated and limited, and such limitation was not by chance, was not fortuitous, was not accidental, but was deliberate. Instead of seeking to acquire the judicial power, we in Congress would more truly serve our country by confining our operations to our legislative power.

It is true that our powers as Members of Congress are limited; but, nevertheless, if properly exercised, they are of sufficient amplitude and grandeur to give scope and opportunity to the most zealous champions of true progress and needful reforms, the most redoubtable defenders of liberty, the most eloquent tribunes of popular government, and to soothe and assuage the most fevered ambition.

There have been insinuations, unjustly indulged in, of course, that whilst seeking judicial power we have at the same time been abdicating some of our legislative powers. We would better first prove that we are faithful guardians of the power we now possess before we begin to try to acquire the judicial power.

In conclusion, Mr. President, if in this address I have been able to rectify any of the errors which either myself or others may have imbibed on this subject, my labors will not have been in vain.

RURAL ELECTRIFICATION

The Senate resumed the consideration of the bill (S. 3483) to provide for rural electrification, and for other purposes.

Mr. ROBINSON. Mr. President, I suggest the absence of a quorum.

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

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

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

Mr. LEWIS. Let me reannounce the absences as announced by me on a previous roll call, and have the announcement apply to the present roll call.

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

Mr. NORRIS. Mr. President, I desire to make a brief explanation of the rural-electrification bill now pending before the Senate.

I take it most Senators are, in a general way at least, familiar with the bill, and all are at least familiar with the idea and believe in the idea that some effort should be made to electrify the farms of America. The bill under consideration is the first step in that direction. We have no real precedent in our country for what we propose to do, and to some extent we are going without precedent.

Under one of the various appropriations made by the present Congress in a prior session there was established by the President a Rural Electrification Administration. That Administration has been engaged in active work ever since its establishment. It is the basis of the proposed legislation.

Mr. BORAH. Mr. President——

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

Mr. NORRIS. I yield.

Mr. BORAH. I am one of the Senators who are not very familiar with this matter, except in a general way. Has any written or printed report been made covering this subject?

Mr. NORRIS. There is a report of the Committee on Agriculture and Forestry.

Mr. BORAH. But the Administration has made no report?

Mr. NORRIS. I am not aware that it has made a complete general report, although it has made various reports at various times. In fact, the literature coming from it is rather voluminous.

It took some time, of course, to set up an organization, and it was some time before the Administration was able to do anything in the way of bringing electricity to the farmers.

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

Mr. NORRIS. I yield.

Mr. KING. I should like to ask the Senator by what authority—and I am asking for information—was that organization created, and what appropriation was made for it; and if the appropriation was made, or if any fund was given to it, by what authority was such appropriation made or such fund allocated?

Mr. NORRIS. I am assuming that the authority was legal. The pending bill does not undertake to go into that subject in any degree. It has nothing to do with it.

The Rural Electrification Administration was set up by authority of the President out of the large appropriation of something over $4,000,000,000 which was made by Congress, and from which the President allocated different parts and set up organizations of different kinds, including the N. R. A., I think, and other similar organizations. The rural-electrification organization was one of them. However men may

disagree as to the various organizations which were set up, so far as I know there is practically no question on the part of anyone that this particular organization has been very successful in its operation.

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

Mr. NORRIS. I yield.

Mr. LEWIS. I seek from the able Senator from Nebraska information on certain matters which are very necessary to the constituency which I represent.

Assuming that the bill shall be passed, may I ask the Senator whether it provides that the electrification systems on the farms or in the localities in the different States shall be administered by officers of the States or by officers of the Federal Government? And if by officers of the States, are those officers to be designated by the Federal Government or by the local powers in the States?

Mr. NORRIS. I will say to the Senator from Illinois that as I progress in the explanation of the bill, I shall reach those very points. I may say now, however, that the bill does neither one of the things about which the Senator asked, as I understood his question. It is attempted by the proposed legislation, so far as possible, to have all the organizations local in their nature controlled by their owners, the farmers, who borrow money from the Federal Government, and set up distribution systems, and perhaps in some cases generating systems, and supply themselves with electricity. Then, of course, all those organizations must be under State laws. The Federal Government comes in through the Rural Electrification Administration to set up the local organizations, and when they are properly set up and organized, to loan them money in order to complete the organization and get electricity into the homes.

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

Mr. NORRIS. I yield.

Mr. KING. I hope the Senator will before he concludes his discussion—and doubtless he will—assign the reason why if this activity is to be continued, it should not be under the organization which is already functioning? The Senator has said that it has accomplished a great deal of good and furnished much information. Why not continue it, expanding its power if necessary?

Mr. NORRIS. The question the Senator propounds is a very appropriate one, and one that would naturally come to any mind considering the subject; but, as I shall show, this bill, in effect, does make permanent an activity that is now temporary, and, as will appear upon reading the bill, the President is given express authority to transfer all this temporary authority and the entire machinery of the present organization to a permanent organization.

The bill provides for an agency known in the bill as the "Rural Electrification Administration", controlled mainly by an administrator. The President is given authority to appoint the administrator; the appointment comes to the Senate, and the Senate acts upon it. The appointment is made by and with the advice and consent of the Senate. The administrator is to receive a salary of $10,000 a year.

In section 2 "the administrator is authorized and empowered to promote in the several States and Territories of the United States the electrification of rural areas not receiving central-station electric light and power service."

Mr. McNARY. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Nebraska yield to the Senator from Oregon?

Mr. NORRIS. I yield to the Senator.

Mr. McNARY. I have my own idea as to the interpretation and definition of the expression "electrification of rural areas not receiving central-station electric light and power service." What interpretation does the Senator place upon that language? Could he illustrate it?

Mr. NORRIS. That means, as I understand, and as I think the present administration is now doing, that there will not be set up an organization and money loaned to it for the purpose of electrifying a rural area which is now supplied. There are now, of course, a large number of rural districts already supplied with electricity from central power stations. But it does not mean that the agency proposed to be established will be prohibited from going into a locality where there may be a large number of local plants used by individual farmers. In a great many places generators of various kinds produce electricity locally for some particular farmers. The language referred to would not prohibit the setting up of an organization in a locality where that kind of supply was already in existence.

Mr. McNARY. We probably are together generally, but under the language used, it seems to me, where a plant is now in existence which is adequately supplying a certain area with electricity none of the money provided by the bill could be used for that purpose.

Mr. NORRIS. That is as I understand it.

Mr. McNARY. I agree with that, but supposing that some central station by the construction of distribution lines and transmission lines could supply the energy needed in a given area, could the money be used for that purpose?

Mr. NORRIS. If I understand the Senator's question correctly, it is supposing some locality be now supplied from a central station, might it be possible for that central station to extend its lines further and would the governmental agency be prohibited from entering that territory? If that is the question, I think not.

Mr. McNARY. I think we want a definite meaning fixed, because I think it is an important proposition. The prohibition would relate to a central station furnishing light and power in an area that is now enjoying adequate service. Is that the Senator's interpretation?

Mr. NORRIS. Yes.

Mr. McNARY. It would be possible to expand that service if transmission and distribution lines were constructed?

Mr. NORRIS. Oh, yes.

Mr. McNARY. Would it be possible, under this language, to borrow money for the extension of such transmission lines from the central station?

Mr. NORRIS. No; I would say not.

Mr. McNARY. Then, what would be the situation?

Mr. NORRIS. If the question is, if the transmission line did not supply as large a territory as it possibly could, whether the central station could borrow money and extend its lines further——

Mr. McNARY. Yes.

Mr. NORRIS. I do not think it could.

Mr. McNARY. Then, there would be areas that could not take advantage of this measure?

Mr. NORRIS. Suppose a central station at a certain point supplied an area with electricity that went into the farmers' homes, but there was a large contiguous territory the station did not supply, one large enough to justify the organization of a corporation under their State law to buy current or energy, it would be perfectly proper, under this bill, if enacted, for the farmers living in that community to organize under their State law an association or corporation and then buy the current of the central station that is supplying the other farms, and they could borrow the money under this bill for that rural electrification district.

Mr. McNARY. From the central power station there must be transmission lines to take care of the primary power. Who is going to construct those lines to the point of distribution where the farmer picks it up? That is the point I am making.

Mr. NORRIS. There might be a case where the central power station would probably have to construct an additional line to reach the new organization which would be set up.

Mr. McNARY. That is the point. Is this language, in the Senator's opinion, sufficiently ample, adequate, and clear to meet the situation I have just pointed out to the Senator?

Mr. NORRIS. I think clearly it is.

Mr. KING. Mr. President, will the Senator permit me to interrupt him?

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

Mr. KING. The inquiry which has just been made by the Senator from Oregon provokes a thought in my mind as to how this will operate. Let me give an illustration. Take Washington; we have a power plant here, privately

owned, which furnishes electrical energy for the District of Columbia—and I may add, in parenthesis, that I think we have lower rates than any place in the United States, except one.

Mr. NORRIS. I want to inject there the remark that I disagree with that statement; but that is immaterial, of course.

Mr. KING. I am relying upon statements made to me by officials in the District, but not officials of this organization. Suppose that this plant has a potential capacity for furnishing more power than is consumed—and it does, and indeed may now, with the machinery which it has, furnish more power than is consumed in the District of Columbia—and it has a line running into Virginia and a line running into Maryland, as I understand it has, and is perfectly willing to increase its capacity and to lengthen those lines and to convey electrical energy to farmers in Virginia and farmers in Maryland within a reasonable area. Under the bill which the Senator is now proposing could the farmers, say, in Virginia or the farmers in Maryland, organize corporations and invade the field which this private organization, in part, has covered and is willing to go further and supply all reasonable demands, and thus restrict its operations and build up another activity paralleling the work of the organization now existing?

Mr. NORRIS. The Senator has incorporated in his question some assumptions that will have to be taken into consideration before a direct answer may be given. I will take now the locality he has mentioned and assume that in Washington there is a company that is able to supply additional farmers who have not been supplied as yet, although for 20, 40, or 50 years in a great many places the power companies have not done so. If they have supplied a certain locality, this bill would not authorize the governmental agency going into that locality; but it would not necessarily follow that the agency could not go into the potential territory surrounding Washington and organize farmers under the laws of Virginia or the laws of Maryland, for instance, who, in turn, could, if they wanted to—it would depend on them entirely—buy their electricity from the central station here. The fact is that if we provided in this bill that the rural electrification could not go into any territory that could be potentially held to be within the transmission distance of an existing central power station, it would mean that we probably would continue the conditions which have existed in the past. In many instances, if not in most instances, the central power stations have picked out the cream in a certain locality and have built lines and supplied it with electricity. Before the Rural Electrification Administration would loan money to such an organization in Virginia or Maryland, they would have to know just exactly what the possibilities were. They would have to make a survey of the territory and know what would have to be paid for the electricity if it were bought here. They would not make a loan unless all those things put together should convince them that at a decent reasonable rate the organization which was seeking to get electricity was self-liquidating and would pay out.

Mr. KING. Mr. President, will the Senator permit another inquiry?

Mr. NORRIS. Certainly.

Mr. KING. Assume that an area which is now covered by the power plant in Washington extends into Virginia, say, 10 miles beyond the District line—and I am using this as an illustration without knowing anything about the facts—and adequate lighting facilities are furnished to all farmers within that area who desire such facilities, and suppose a corporation is organized under the law in Maryland to furnish light to farmers a little beyond the area where the lighting is now furnished; would that corporation when organized be permitted to come within the 10-mile area to which I have referred and enter into competition with the company now furnishing light there?

Mr. NORRIS. The Senator says "come in competition." They would not come in competition with farms already supplied. They might come in competition with the central power station.

Mr. KING. That is not my question.

Mr. NORRIS. There is no intention of going into a farming community which is already supplied with electric current and forming farm organizations there and having them built up to go into competition, as the Senator suggests, with farmers who are already getting their electric current from a central station.

Mr. KING. If an organization were formed beyond the 10-mile limit to which I have just referred and within which limit the farmers are supplied with electric energy, that organization would not be permitted to come back into the 10-mile area to furnish light to farmers already receiving it?

Mr. NORRIS. Not to those already receiving it, but it might come into the 10-mile area and supply farmers who were not receiving it. That is a distinction which I think ought to be drawn.

The bill provides an authorization for an appropriation for the fiscal year ending June 30, 1937, of $100,000,000, and then $100,000,000 for each succeeding year for 9 years. The administrator of the machinery proposed to be set up may allocate $70,000,000 for lines in the several States in the proportion that the number of farms not receiving central station electric light and power bears to the total number of farms in the United States not receiving such service. Then the administrator is given power to allocate the other $30,000,000, if that much should be appropriated, without regard to the proportion that exists between farm areas supplied with electricity and the total number of farms not supplied in the United States, although he cannot allocate to any one State in any one year more than $10,000,000 of the amount to be allocated.

Mr. McNARY. Mr. President——

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

Mr. NORRIS. I yield.

Mr. McNARY. Will the Senator advise me why the standard of distribution was changed from the original language to the language now recorded in the bill? Does it affect different sections of the country?

Mr. NORRIS. The amendments were inserted at the suggestion of some of the officials of the present Electrification Administration on the theory that if the language were left as it was they could not get the necessary census information so as to make the allocation, but the census is complete as to the number of farms though it may not be complete as to population. It would be very difficult, if the language were left as originally drawn, to have the population of one section compared with the total population of the United States, because that might be a different proportion, even if they should get the number of unsupplied farms of the country.

Does that answer the Senator?

Mr. McNARY. Practically so. We have always thought the standard of determining the area of population as used in connection with our Federal-aid roads was a very good standard for the distribution of Federal money to the States. That was the idea evidently of the original language of the bill.

Mr. NORRIS. That was my idea when I drew the bill.

Mr. McNARY. Would not the application of this language favor some sections over others because of the proposed basis of apportionment to be adopted?

Mr. NORRIS. I have a map here which shows it by States.

Mr. McNARY. Does it show an equitable distribution of benefits throughout the country?

Mr. NORRIS. No; there are some States that are more completely electrified now, quite a large percentage which are electrified heavier than other States.

Mr. McNARY. Then the money would not be available to them in the same proportion as though based upon rural population?

Mr. NORRIS. No. The information the committee had was that it would be almost impossible, if the language were retained as we had it originally, to get the necessary information from the Census Bureau to make the allocation.

Mr. President, as I pass along, I wish to call attention to the fact that the amounts appropriated and the amounts allocated are, of course, more or less arbitrary.

Mr. ROBINSON. Mr. President, at that point will the Senator yield for a question?

Mr. NORRIS. Certainly.

Mr. ROBINSON. How was the aggregate amount of $100,000,000 per year for 10 years reached? How was it determined that that would be the amount which would be necessary to carry out the purposes of the bill?

Mr. NORRIS. In my judgment, that was more or less arbitrary. I was anxious, however, that the amount should be large enough so that if experience showed they could properly use more money we would be within the law if we appropriated more money. I am not at all certain that we ought to appropriate this much money for the first year. It is all in the hands of Congress. The Congress can appropriate any amount it may desire up to the limit fixed by the bill.

Mr. ROBINSON. But the bill carries an authorization for $100,000,000 for the first year and $100,000,000 for each year thereafter for the 9 following years.

Mr. NORRIS. Yes; it carries that authorization.

Mr. ROBINSON. The reason why I asked the question the Senator just answered grows out of the consideration that there is no provision in the bill—and, of course, there could be none, considering the constitutional requirement that revenue bills shall originate in the House of Representatives—for raising the funds which will be necessary to meet the appropriations we are proposing to authorize. Frankly, that occurs to me as a serious difficulty. Of course, it also relates to other appropriations that might be made, but I have that thought in connection with the further thought that it would be well to limit the appropriation as much as possible and at the same time carry out the purposes of the measure.

Mr. NORRIS. The bill limits the appropriation, though there is no appropriation actually made.

Mr. ROBINSON. It authorizes a total appropriation of $1,000,000,000, which is rather a large amount, considering the fact that we now have a very large deficit.

Mr. NORRIS. That is true. It is a large amount, although it is extended over a term of 10 years. It need not be $1,000,000,000. Congress need not appropriate that much if it does not want to do so.

Mr. ROBINSON. Of course, it need not authorize that much if it does not want to do so.

Mr. NORRIS. Oh, no.

Mr. ROBINSON. But if it does authorize it, it probably will appropriate it.

Mr. NORRIS. I think it would depend upon the report of the activities of the administration as to what they were able to do and how much they were able to handle. I think, to be fair, they are themselves uncertain as to just what exact amounts they could properly use.

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

Mr. NORRIS. Yes.

Mr. ROBINSON. Has the Senator stated, or does he contemplate stating, just what has been done with the fund that has been allotted out of the Works Relief Act in connection with rural electrification?

Mr. NORRIS. Yes. I would rather not go into that matter just now.

Mr. ROBINSON. Very well.

Mr. NORRIS. I expect to do so, however. I have the information here.

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

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

Mr. KING. The question I am now about to ask I should have propounded earlier in the discussion.

I should like to ask the Senator whether there were any hearings on this bill; and if so, whether they have been published; and if there were no hearings, what information or data had the committee upon which to base the bill?

All we have now is the report. We have no hearings. So far as I can understand now, we have to rely solely upon the statement of my able friend from Nebraska, whose statements, of course, are always received with due credit. But if there have been any hearings, I should like to be advised to that effect; and if there have been no hearings, I should like to be advised why there were none upon a question of such great importance; and if there were no hearings, upon what information did the committee act? What witnesses appeared before them? What did the witnesses say? What arguments did they adduce in support of this measure?

Mr. NORRIS. Mr. President, of course, the question is a very proper one; but I will say to the Senator that we had no hearings in the ordinary sense. I thought there was no necessity of having them.

In the first place, so far as I have been able to learn, outside of some private power companies, I know and have heard of no objection being made anywhere in regard to the bill. The committee submitted the bill to the Secretary of Agriculture, to the Rural Electrification Administration, to the Federal Power Commission, to the Secretary of War, and I think there was one other governmental activity to which we submitted it. We received replies from all of these governmental agencies with the exception of the Secretary of War, who did not comment on the bill at all, and said his Department had nothing to do with anything of the kind, so he thought it would be improper for him to take part in it; and I think he was perfectly right in that. All of the replies we received on the merits of the bill were favorable.

Mr. AUSTIN. Mr. President——

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

Mr. NORRIS. Let me first answer this question, please.

The bill was introduced on the 6th day of January. It was reported from the committee on the 17th day of February. During all that time more or less publicity was given to the bill all over the country; and I know of no one who desired to be heard, or who asked to be heard, unless it was some of those who were favoring the bill. There were all kinds of organizations in almost every State of the Union—farmers' organizations, consumers' organizations, commercial organizations—which would have been glad to appear; but they were all in favor of the bill. They were all on record in favor of it. All of the great farm organizations, I think, have formally adopted resolutions favoring it, and similar resolutions have been adopted by other organizations all over the United States.

Personally, I did not think it would add anything if these men were asked to come here and testify and give the reasons why they favored the bill. The one objection made to us comes in the form of a communication which I suppose the Senator from Vermont has, and which I think was sent to all Senators, from the head of the association of executives of private power organizations. In that communication the objections to this kind of legislation and to this particular bill are set up as fully and as completely and as logically, I think, as they could be; and in the course of the discussion I expect to take up that matter and to consider all the points that are made. I think they are very easily explained, and that it can be easily shown that there is not any real objection to the bill on the part of this organization.

People generally, and Members of Congress generally, have realized for several years that there was one place in this country preeminently in need of electricity, namely, the farm, and that proper legislation had not been enacted to give the farmers electricity. When the President established the Rural Electrification Administration, and they got into operation, that idea was accentuated all over the country, and there was a unanimous demand that there should be some legislation of a more or less permanent nature giving to the people on the farm the benefits of electricity.

I could not see any benefit that the committee would have derived if it had wasted a lot of its time in having hearings and listening to speeches pro and con upon a subject upon which all the members of the committee had a definite idea that there ought to be legislation of some kind. As to just how much we ought to authorize to be appropriated, and as to just how it ought to be allocated, there would be differences of opinion. That is not an objection to the legislation. It is some objection to its details. There is not any guide or precedent established that we can follow, except perhaps the

meager information we have from rural electrification organizations which have been set up and are doing business, and have been for several years, in different parts of the United States.

Mr. McNARY. Mr. President——

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

Mr. McNARY. The Senator will recall that by Executive order the Rural Electrification Administration was created by the President more than a year ago. I think $100,000,000 was allocated to that organization.

Mr. NORRIS. I think that was the amount.

Mr. McNARY. Does the Senator know what part of that amount has been expended?

Mr. NORRIS. I stated to the Senator from Arkansas that when I finish with the general discussion of the bill I expect to take up that matter and show just what was done.

Mr. McNARY. I heard the Senator's answer, but I thought probably he would be able to state at this point the amount which has been borrowed from the Rural Electrification Administration for the purposes specified in this bill.

Mr. NORRIS. I can take up that matter now, if desired.

Mr. McNARY. Oh, no; I do not ask the Senator to do that.

Mr. NORRIS. I expect to do that later. I think that is a very proper question. I will state, however, that while this organization has been in operation for more than a year, of course, in view of the fact that it started into a mammoth affair of that kind without any experience and as a new venture, it was quite a long time before the organization was perfected, and a still longer time before its representatives were able to get on the ground and designate specifically the places and communities where they would loan the money.

I forgot that I promised to yield to the Senator from Vermont. I do so now.

Mr. AUSTIN. Mr. President, I was interested in the qualifying word "nonprofit" used in line 19 on page 3.

Mr. NORRIS. Yes; that is in the committee amendment.

Mr. AUSTIN. When the Senator from Nebraska was speaking about those who were interested in the proposed legislation, the question occurred to me whether it was intended that a municipality which is engaged in the business of manufacturing and selling current stands on the same footing, so far as this measure is concerned, as a private enterprise engaged in the same business.

Mr. NORRIS. No; I should say not. As I understand the measure, there is not any authority for a private organization generating electricity to borrow money for the purpose of building a line into the country, although if the farmers organize under their State law that very country locality could buy its electricity from the same central power station, whether it was private or public.

Mr. AUSTIN. Will the Senator yield for another question?

Mr. NORRIS. Yes.

Mr. AUSTIN. Under this bill, if it should be enacted, would such a farmers' organization be enabled to borrow from the Federal Government the money necessary to extend from its distribution center to the central station a transmission line which would tap power in existence?

Mr. NORRIS. Yes; I should say so.

Mr. AUSTIN. And that is true, whether that source is operated by a municipality or by private individuals?

Mr. NORRIS. I do not think there is any difference in that respect.

Mr. CLARK. Mr. President, will the Senator yield for just one statement?

Mr. NORRIS. I yield.

Mr. CLARK. Referring again to the question of hearings raised by the Senator from Utah [Mr. KING], it seems to me the question of whether the committee should have had hearings, and the question which is involved in this bill, is not so much the question of the desirability of rural electrification—which I think everybody is perfectly prepared to admit—but the question as to priority which shall be given to appropriations for improving the conditions of agriculture.

This bill carries an authorization of appropriations to the amount of a billion dollars. Obviously there must be a limit to the number of billions of dollars Congress may authorize to be appropriated; and, with entire sympathy for the desirability of rural electrification, it occurs to me that there might be other objects for the improvement of agricultural conditions in this country which might be precluded by so large an authorization for this one project, and which might be even more desirable.

For instance, it has always been my view that the best money which can be spent from the standpoint of profit to the agricultural class of this country is the money which is spent for farm-to-market roads. Some other Senators and many other persons may disagree with me as to the availability of each of these different methods of improving agricultural conditions; but in view of the enormous authorization in this one bill for this one object, it seems to me that hearings might very well be had, or at least there might very well be discussion as to the priority of the various kinds of aid for agriculture which have been suggested.

Mr. NORRIS. In answer to the Senator from Missouri, I will say that I think this is the place where we should have that kind of a discussion. The Senator has raised the point that we are authorizing the appropriation of so much money for rural electrification. He thinks we had better spend the money for building roads. Some other Senator will have a different view; and if the majority of Senators and Members of the House feel that way, this proposed legislation will be defeated. We shall not have it enacted.

Mr. CLARK. Let me say one further word. I am not speaking in opposition to the general project of rural electrification, of which I am very much in favor; but it does seem to me that when we are authorizing the appropriation of a billion dollars at a time, the question of priority is one which might well be very seriously considered.

Mr. NORRIS. The Senator ought to remember that by this bill we are not authorizing the appropriation of a billion dollars at a time. One billion dollars is the maximum amount which may be appropriated under this bill. That authorization extends over a period of 10 years.

Mr. CLARK. That is perfectly true.

Mr. NORRIS. To be really fair, I think the Senator ought to say that the real authorization for appropriation in any one fiscal year is $100,000,000.

Mr. CLARK. But there is an authorization at one time for the expenditure of $100,000,000 a year.

Mr. NORRIS. Yes.

Mr. CLARK. In other words, no subsequent action by Congress would be required, and an appropriation of $100,000,000 a year would not be subject to a point of order as being without authority.

Mr. NORRIS. That is true.

Mr. CLARK. Therefore we are taking on now, in one year, a program of a billion dollars, providing Congress appropriates money for it, of course.

Mr. NORRIS. Yes.

Mr. President, I concede that if we were about to start on a system of rural electrification there might be a difference of opinion, and I may be wrong as to how much we ought to start with. But if we start with an authorization of just 1 year, we might just as well close up shop and not do anything, because we could not get started on this great program in 1 year. It would be an impossibility.

There is the question again as to the number of years we ought to have the authorization cover. Possibly we have made the time too long, possibly we have not made it long enough. I do not see how it could be bettered by hearing men who are either favorable or unfavorable to the bill. The matter will always be under our control. If we find that the authorization is for too short a period, we ought to enlarge it. We may find that to be so in 5 or 6 years. We may find that we ought to make it shorter. In either event, however, Congress will have a perfectly free hand every year in fixing the size of the appropriation.

It may be that we will not appropriate a hundred million dollars. I am not sure that we will, and I am not sure that we ought to. But when we have operated at least a

year under the law and have ascertained how much work has been accomplished and what can be done, we will be better able to decide whether we ought to appropriate a hundred million or whether we ought to cut the appropriation down even to fifty million.

I think the Senator from Vermont raised a question on which I wanted to comment. He referred to some language in an amendment. Has the Senator the language before him?

Mr. AUSTIN. I referred to the amendment in section 4, on page 3, line 19.

Mr. NORRIS. I wish to discuss that subject somewhat.

As the bill was originally drawn and introduced it provided:

> The Administrator is authorized and empowered, from the sums hereinbefore authorized to be appropriated, to make loans to States, Territories, and subdivisions and agencies thereof, municipalities, and organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to their own citizens or members.

The committee struck out part of that language, the words "organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to their own citizens or members", and recommended that instead of that language we insert the words "private cooperative, nonprofit, or limited-dividend corporations and associations organized under the laws of any State or Territory of the United States."

We took that action upon the recommendation of the Rural Electrification Administration. They said, and it will be apparent to anyone who will give it a moment's thought, that the organizations which are to get these loans in the main, probably entirely, are organized under State law, or the law of a Territory, and those laws differ. Hardly two States have the same law upon the subject. It was thought that in complying with those laws, which they had to do in their organizations, they could better do it under the language we have recommended. For instance, we inserted the language "nonprofit, or limited dividend corporations", and when it was called to my attention I recalled that in my own State—and I presume a great many other States have the same kind of law—the law provides for a limited-dividend corporation, applying mostly to farmers. In a case of which I am thinking it applies to elevator associations almost entirely, organizations composed mainly of farmers. But in order to enable them to get money with which to operate, the legislature provided for a limited-dividend corporation which, under the law, might permit outsiders, bankers, or anyone having money, to invest their money and they would get a limited dividend of 6 or 8 percent, and have no voice in the control or administration of the corporation.

I do not know whether that language is better than the original language or not. The other language was taken out of the T. V. A. Act and is a verbatim copy of it.

Mr. McNARY. Mr. President, will the Senator yield at that point?

Mr. NORRIS. I yield.

Mr. McNARY. I wish to suggest an amendment. I am not asking the Senator to accept it at this time if he thinks we should dispose of the committee amendments first, but in the State of Oregon, under a recent statute enacted by the legislature, nonprofit cooperative units of farmers are called "people's utility districts." I am going to suggest to the Senator that in line 15, page 3, after the word "municipalities", we insert the words "people's utility districts."

Mr. NORRIS. At first blush I do not see any objection to that. Of course, we want to cover districts not organized for profit.

Mr. McNARY. That is true. The organizations to which I refer are organized under a State statute. They are statutory corporations, groups of farmers operating exclusively for the purpose of distributing power. I think the word "municipalities" includes all of the minor corporations, but in order to meet the situation, and employ the same language employed in the statute of my State, I shall at the proper time ask the Senator if he will not accept the amendment to which I have referred.

Mr. NORRIS. I suggest to the Senator that in preparing the amendment he employ some limiting words. I do not want an amendment agreed to, nor does the Senator, I know, which would make it possible for some private organization to get money under the proposed authorization for the purpose of making money for its members.

Mr. McNARY. This is language used in a bill which my colleague and I framed in connection with the administration of the Bonneville project, suggested by the farmer organizations of the State of Oregon and the Grange, and based wholly upon statutory organizations.

Mr. NORRIS. Are those organizations in the Senator's State nonprofit organizations?

Mr. McNARY. They are just that.

Mr. NORRIS. Would they not be included?

Mr. McNARY. I think so; but when I prepared the Bonneville bill the Grange and these other organizations wanted us to use the words designated in the statute. I am only suggesting the amendment in order to make it more certain. May I ask the Senator another question?

Mr. NORRIS. Certainly.

Mr. McNARY. I note the words "private cooperative corporations." I do not quite understand what is meant by a private cooperative corporation. I appreciate that there are organizations with limited voting stock which are covered by the Capper-Volstead Act, as the Senator well knows. That is a Federal statute. In our many years of service on the Committee on Agriculture and Forestry we have come in contact with these nonprofit organizations, but I do not know just what sort of a structure or organization the Senator contemplates by the use of this language.

Mr. NORRIS. I can state at least what I think it means. I understand that in its operations so far the Rural Electrification Administration to a very great extent has dealt with private cooperative organizations. There is, let us say, a cooperative organization of farmers organized under a State law sufficient in number and covering enough compact territory to make a system of distribution of electricity self-liquidating. I understand that to be a private cooperative organization. It has not within it any public utility.

Mr. McNARY. Such a structure as is described by the Senator, private in nature, could necessarily make profits and distribute dividends. If that is so, then it comes in conflict with the next specification of the Senator, which is that it must be a nonprofit organization.

Mr. NORRIS. No. As I understand a private cooperative organization, there is no chance for anyone to make money except the organization itself. There is no objection to that kind of an organization making all the money it wants to make. They are their own customers. They sell the electricity to themselves, and if they want to go into it and make money by charging high rates, they themselves have to pay them. There is no opportunity in that kind of a case for any private individual ever to make any money.

Mr. McNARY. That might be one particular set of private corporations, private cooperative corporations, which I state to the Senator is an expression I have not heretofore seen in print, and I just want to get the Senator's definition. If it could do what the Senator says it could do, make profits as a legal structure, it could certainly make profits for its members.

Mr. NORRIS. The members would have to furnish the money with which the organization would pay the dividends. It is just as long as it is short.

Mr. McNARY. It certainly does not seem so to me.

Mr. NORRIS. Suppose the Senator and I and some other Senators organize ourselves into a cooperative organization. If any profit is made, we get it, and in this case if there is a profit we have to pay it, so what is the difference?

Mr. McNARY. Is there anything here that would limit the sale only to the members of the organizations? The Senator is making a set-up of his own. Is there any language here which would limit a private cooperative organization to selling the power only to its own members?

Mr. NORRIS. In another part of the bill we provide for the lending of money for the purpose of buying electrical appliances. Such loans have been made already. A co-

operative organization will take a contract, usually a note or some modification of a promissory note, from the individual who is a member of the organization, who buys, we will say, an electric refrigerator.

The member gives that note to the local organization and the Rural Electrification Administration buys the note, taking it off the hands of the cooperative organization, which endorses the note. That is the way in which the cooperative organization gets the money from the Rural Electrification Administration.

Mr. McNARY. Mr. President, I think I understand the philosophy of the Senator from Nebraska. I am just inquiring if he is not destroying some of the features of his bill by permitting an organization of that character to come in and do a thing which I think is not contemplated by the provisions of his bill. However, if the Senator is satisfied, all right.

Mr. NORRIS. Of course I do not wish to do anything which is injurious to the bill. I believe it would be a mistake not to permit cooperative organizations to organize for the purpose of getting electricity and borrowing money for that purpose. In some States that would not work at all. I understand in the State of Texas such organizations cannot exist. In my own State there are such organizations. I think, as a rule, there is some State law providing for that kind of an organization, and of course we must conform to that State law.

Mr. McNARY. That must be done as to a cooperative, of course. Language has been employed to cover cooperative organizations. It is the word "private" which describes the character of cooperatives I am discussing.

Mr. NORRIS. I do not think it would affect the bill in any way if we should strike out the word "private."

Mr. McNARY. Following the Senator's idea, I think it would improve the bill a great deal and make it conform to the views of the Senator from Nebraska.

Mr. NORRIS. Mr. President, the bill provides that the Administrator is authorized to loan money "for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing of electric energy to persons in rural areas who are not receiving central-station service."

I think that provision answers specifically some of the questions which were propounded earlier in the day by the Senator from Utah [Mr. KING]. It will be noticed that the Administrator does have authority to loan money for the purpose of establishing generating systems, and yet it is not expected that that will be done very frequently. In fact, the idea, so far as I know, is to buy the electricity from some existing plant. However, it might be found necessary at some time to establish generating systems; and if we did not give the Administrator authority to lend money for such purposes, generating systems could not be financed. However, one farmers' organization probably never would be able to borrow money from the Administrator. It would not be good business to build a generating system for a single farmers' organization. The expense in such a case would be too high, so that it would not be a self-liquidating proposition. But one generating system may supply half a dozen or a dozen farm organizations, and that generating system may be owned by a municipality, and the bill does provide that loans may be made to a municipality for the purpose of building a generating system. So while the question might justifiably be asked whether under the provisions of the bill it would not be possible to loan money to every little farm organization to build a generating system, which might bring about the ruin of the project; yet, if we should strike out the provision, we might seriously interfere with the establishment of some systems which would be a great success.

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

Mr. NORRIS. I yield.

Mr. COUZENS. May I ask the Senator if there is any provision in the bill—if there is, I am unable to find it—requiring anything other than the equipment itself to be put up as security for the loan? The bill, in section 4, provides for lending money to States, Territories, and subdivisions and agencies thereof, and municipalities. It is customary in many places where the municipality or the governmental agency engages in servicing or utility activity that the borrowers guarantee the loan in addition to the mere issuance of so-called income bonds. In other words, unless there is a provision of that sort in the bill there will be no incentive for the municipality or other governmental agency to charge rates adequate to create a sinking fund to pay off the bonds when due.

Mr. NORRIS. In answer to the question of the Senator from Michigan, I will say that there is no provision in the pending bill which provides for mortgaging any other property to cover the cost, for instance, of the transmission line—the loan will be chiefly for the construction of transmission lines—than the line itself. From the very nature of things, even though it were thought necessary, I think it would be found impracticable to mortgage the land. The farm organizations which build these lines extending over perhaps 150 different farms, owned by different men, of course, could not mortgage the land. That would not be practicable. I do not know of any other security that could be furnished, except the income on the property. That is the real intention. There may be exceptions. Sometimes some property will be mortgaged. The general rule, however, will be that the indebtedness will be payable only from the income of the property.

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

Mr. NORRIS. I yield.

Mr. COUZENS. I was not talking about the building of transmission lines to supply electrical energy to farmers but about the provision in the bill to lend to municipalities and States; and if loans are made under this bill to municipalities and States, the officials of those political subdivisions will be required to fix rates and administer the law. They assume the responsibility of borrowing the money, and there is no assurance given by any provisions in the bill that they will charge adequate rates or give the Administrator sufficient security to justify the loans.

Mr. NORRIS. Of course, if such an agreement were not made, they would not lend the money.

Mr. COUZENS. That is an assumption of something which is not specified in the bill.

Mr. NORRIS. Mr. President, as I see it, such a provision could not very well be made compulsory, because a good many times it would be an impossibility to carry it out.

Mr. COUZENS. It would not be impossible so far as properly organized municipalities and States are concerned. As an example, when the city of Detroit bought its street railway lines it never could have gotten the money with which to buy them if it had had to rely upon the politicians to fix rates adequate to pay off the debt. So the whole property of the city of Detroit was pledged to see that the bonds and the debts of the street railway corporation were paid; and that was in part responsible for the success of the system. In other words, there has been no incentive for the politicians or the administrators to make low rates for political purposes and neglect their debts.

Mr. NORRIS. I take it no loan will be made except on a contract which will provide that the Administrator can even take possession of the property if the borrowers fail to pay the installments when they are due. That will mean that they must fix rates sufficiently high, not only to amortize and pay the loan but to pay for the upkeep of plant, to pay for depreciation, to pay the interest as it comes due, and to pay for maintenance. Unless all that were done, no loan would be made.

Mr. COUZENS. I think, however, we should not delegate all that power to the Administrator. I object to that now for the same reasons that I objected to the soil-conservation bill—because the Congress prescribes no yardstick, gives no instructions, and makes no limitations upon the Administrator. He may adopt any policy which, in his good judgment or bad judgment, he may deem advisable. I object to that sort of legislation.

Mr. NORRIS. Mr. President, I realize that if, in every instance, we knew just exactly what the conditions would be and what kind of contract would be possible, we could

put those stipulations in the bill. The Administrator, however, in lending money to a municipality, we will say, might require that the municipality should vote bonds in the regular way, or he might require only that it should provide for the payment of the indebtedness out of the income of the property. In lending money to an organization which owns property, as I understand the language of the bill, and especially of the proposed amendment on page 4, the Administrator is not obliged to rely solely upon the income of the property as security.

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

Mr. NORRIS. I yield.

Mr. COSTIGAN. On page 4, line 24, reference is made to loans "so secured as reasonably to assure repayment thereof." Does that language apply to other sections of the bill to which the Senator from Michigan has directed our attention?

Mr. NORRIS. No; I think not. I think that applies only to the loans made as provided in section 5.

Mr. COSTIGAN. Is there any objection to the inclusion of such language?

Mr. NORRIS. None whatever. I do not see any objection to that.

We now come to section 5, in which—

> The Administrator is authorized and empowered, from the sums hereinbefore authorized to be appropriated, to make loans for the purpose of financing the wiring of the premises of persons in rural areas and the acquisition and installation of electrical and plumbing appliances and equipment by such persons.

Mr. President, 10 years ago that would have been considered a very unwise thing to do, and some people now think it is unwise. But experience has shown, and I could prove by documents I have before me, that one of the safest loans which can now be made is a loan repayable from the income of property; and one of the safest loans which can be made with respect to an appliance is a loan secured by a mortgage on the appliance itself. If the appliance is taken away, then the farmer, or anyone else for that reason, cannot use the electricity because in the use of electricity one must not only have the electricity but must have the appliance as well.

Experience shows that the farmer will surrender almost anything he has on his farm rather than give up electrical service when it is once installed. I have the history of some cooperative organizations in the State of Iowa which were organized before the depression and which did business all through the depression. There are instances where farmers who were on relief kept up their electric payments. That was the thing above all others they always paid. They gave up their automobiles and gave up everything else, but they kept up the electric payments.

That demonstrates, I think, how the farmer feels about electricity. What would we, the whole United States, think if we were now required to go without electricity? If we were building a house to rent in the city, we know it could not be rented unless electricity were provided. Electricity under our civilization is no longer a luxury. It is a necessity. The farmer thinks just as much of it as does the man who dwells in the city. In the end the farmer is the best customer, because he needs it for all the purposes for which the city dweller needs it, and in addition to that he needs it and utilizes it for many other purposes for which the city dweller has no use whatever.

The farmer saws his wood, separates his cream, fills his silo, pumps his water, and in many instances milks his cows by electricity. That means that the farmer, when he once has electricity installed and uses it, thinks more of it than anything else he has on his farm. Would not any of us? Are we going to say to the farmer, "You cannot have this modern element of civilization that everyone else insists on having. You must go without it. Yet you toil and produce the food that keeps us all. You are the foundation of the pyramid, but to you we will deny this luxury, if it may be called such, this modern necessity of human existence."

Our civilization demands it. I think it is strange that in America, where we boast of being the leading nation of the world, looking after the happiness and comfort of our people, we have neglected to electrify the farms. Our farms are electrified to an extent far below almost any other country in the world.

I shall be able to show and expect to show before the discussion is concluded that in that respect the United States is away behind the procession of nations. Even Japan and Italy, and almost all the countries on the face of the globe, are away ahead of us in the electrification of farm homes.

There is a clause which permits the administrator, in case payment is not made, to foreclose and take title. He can even operate for not to exceed 5 years and dispose of it as soon as he can. I hope that particular provision of the bill may never have to be enforced, but it is necessary. There must be something in the law that will provide for the proper penalties when nonpayment occurs, if it should occur.

Inasmuch as these organizations must operate under the State laws of the different States, it is difficult to so phrase the language as to cover the situation. There are hardly two cases exactly alike. They must operate under the laws of the different States where the laws vary. These laws must control and the organizations must conform to the State laws, so that our language must be general if we are going to have the organization succeed at all. If the administrator is a crook, the whole thing will fail. That is true of everything else in the country. If those who administer the laws do not exercise the proper care and have not the proper wisdom, then the scheme will fail. If they are the proper men and exercise the proper skill, then, in my judgment, there will be no doubt whatever of the financial success of the entire undertaking.

Let it be understood, too, that there is no gift anywhere in the proposed measure. Everything is to be paid for. My opinion is that with even the low rate of 3-percent interest the Government will not only come out whole but will make a small profit despite all the losses it may be called upon to sustain.

One criticism made of the bill by the private power companies in the letter which has been sent to all Senators is that the bill authorizes an appropriation of $5,000,000 every year for the handling of the business, for the administration part of it, to pay the salaries of officials and their expenses. It is said that money is paid by the taxpayers. That is true. Shall we require the farmers to pay the salary of the Administrator? Do we require the railroads to pay the salaries of the members of the Interstate Commerce Commission? Do the States require the public utilities to pay the salaries of the public-utility commissions in the different States? The United States and the different States comprising it have a thousand administrations of different kinds to administer the laws of the country, and their salaries and expenses are paid out of the general fund in the Treasury. Why should the farmers of America be an exception to that rule? Why should we ask them to pay the expenses of administration when we ask it of no other class of human beings in the United States?

Section 8 of the bill is the one which gives the President authority to take the entire Rural Electrification Administration now existing and turn it over, under this measure, to the officials provided for under the bill. Of course, it is believed—I think there is no doubt about it—that if the bill passes, the present Administrator of the existing Rural Electrification Administration will be appointed under this measure, and the whole administration will be bodily transferred, so that the execution of the new law will commence with a complete organization of the facilities now existing; and the President is given authority to make that kind of an order. The President established the Rural Electrification Administration now in existence by order no. 7037, dated May 11, 1935; and he is given authority to transfer that organization over to the organization to be created under this proposed law. The bill provides:

> The President may transfer to the Rural Electrification Administration created by this act the jurisdiction and control of the records, property (including office equipment), and personnel used or employed in the exercise and performance of the functions of the Rural Electrification Administration established by such Executive order.

Section 9, I think, is a very important section.

Mr. McNARY. Mr. President——

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

Mr. McNARY. I commend the Senator for that portion of the language of section 9 which is found in lines 18, 19, and 20 on page 6, namely:

No political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

I recall that a year or more ago the Senator from Nebraska, in a very earnest speech, advocated language of this kind in another bill.

Mr. NORRIS. Yes; I did.

Mr. McNARY. But I do not know why the words in italics are in there, because they remove from the civil-service laws, which we have found to be effective and to promote efficiency, the group that may be employed by this Administration.

Mr. NORRIS. Let me say to the Senator that the language as I introduced it did not contain the words in italics. That is a committee amendment which was put in on the recommendation of one of the attorneys, who said it was copied from the Tennessee Valley Act. I consented to its going in, because I think the other members of the committee felt just as I did, that if the provision was in that act, it had been tried and worked and found all right; and therefore we put it in. I looked up the Tennessee Valley Act after the bill had been reported, for I had doubt about the provision being there. I had not any recollection of its being there; so I got a copy of the Tennessee Valley Act, and looked it over, and found the provision was not there. When we come to act on the amendments, therefore, I am going to ask the Senate to reject the proposed committee amendment. I do not think it has any use or any application there.

Mr. McNARY. I am very happy to hear the Senator make that statement. I recall that in the consideration of some legislation on the floor of the Senate in which the able Senator from Nebraska participated, when an effort was made along this line, he did exempt some of the experts, engineers, and lawyers from the salaries paid under the Classification Act; but to exempt all these employees bodily from the provisions of the civil-service laws would be more or less to work a destruction of that legislation.

Mr. NORRIS. I think it would have a bad effect.

Mr. McNARY. I thank the Senator.

Mr. NORRIS. Of course, it would not be doing anything I should want to do if this last language were necessary; but I think it is entirely unnecessary. The language in section 9, with the exception of the committee amendment, is copied, as I remember, verbatim from the Tennessee Valley Authority Act. It has worked exceptionally well. I took quite an interest in that particular part of the Tennessee Valley Act to see how it would work, because it was something new. It had not theretofore been put in any statute of the United States, so far as I know, and we started out with it there.

The members of the Tennessee Valley Authority tell me that has been one of the most beneficial parts of the act. It has enabled them to keep their organization above and free from politics. It has brought censure to them. They have been severely criticized and condemned, sometimes even by Members of the Congress; but they have adhered to the policy laid down in that part of the act, I think, in good faith, from the beginning until now. One member of the board told me, in a conversation I had with him 6 months ago of such a matter, that if it were not for that provision in the Tennessee Valley Authority Act he would resign. He said, "I am not going to be part of a machine that is run by politicians. I wish to organize a machine that is based entirely on efficiency. We have done it. We have always been able to refer to this particular law, and we have enforced it."

The particular Administration we are talking about and which, if this bill shall be passed, undoubtedly will have control of the enforcement of the law, is entirely free, so far as I know, from politics of any kind. There has been no partisan influence anywhere in the Rural Electrification Administration, so far as I know. Personally I have had considerable to do with the different officials in that organization. I do not know the politics of a single one of them. The organization is entirely free from politics. That is the way its members are operating, without any law to that effect. So far as I know, there has not been any attempt on the part of anybody, in Congress or out of it, to induce them to deviate from their rule of basing their entire organization upon efficiency, without regard to politics.

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

Mr. NORRIS. I yield.

Mr. McNARY. The Senator very graciously agreed to remove from the bill the language referring to the civil service and the Classification Act. I now wish to call his attention to page 7, line 15; the language in italics and in brackets—

Including expenditures for personal services.

In my judgment, that language gives the Administrator authority to pay any amount of money he desires in the way of compensation to anyone, which would be wholly inconsistent with the language of section 9. I call the Senator's attention to that matter with a view to its consideration when we finally take up the amendments to the bill.

Mr. NORRIS. Let me say to the Senator that the amendment commencing on line 14 and ending on line 21 of page 7 is an amendment which was put in by the committee upon the request of somebody connected with the Rural Electrification Administration, and it was stated that it was the usual language put in legislation.

I did not look it up to see whether or not that was true, but I have no doubt it was true. We have been putting similar provisions into various laws. Personally, I do not think that amendment is at all necessary; and yet, since we have put it into other laws, I see no reason why we should not put it into this one.

Mr. McNARY. I am not sure about the insertion of the amendment in any other act; but the language—

The Administrator may make such expenditures (including expenditures for personal services * * *) as are appropriate—

Would give him a very large range in fixing the wages and compensation of all those concerned with the administration of this bill.

Mr. NORRIS. Yes; it would.

Mr. McNARY. Then, if that is true—and that is my conception—the language is wholly inconsistent with the civil-service provision which the Senator wishes to strike out in section 9.

Mr. NORRIS. I do not see that. The Administrator would have to do that in accordance with section 9, I should think.

Mr. McNARY. If the language in italics in section 9, referring to the Classification Act, should go out, certainly the language in brackets in the following section should also go out.

Mr. NORRIS. That would take out all of it clear down to the world "binding" in line 20.

Mr. McNARY. No; I am just asking for the striking out of the language "including expenditures for personal services", so that the Administrator could not go beyond the Classification Act in fixing salaries and wages; that is all.

Mr. NORRIS. I understand that the words "including expenditures for personal services" might include a hotel bill, or something of the kind. They might include the hiring of an automobile. They might include anything of the kind. If that language were excluded, there might be doubt about the Administrator being able to provide for such an expenditure.

Mr. COUZENS. Mr. President, will the Senator yield in that connection?

Mr. NORRIS. Yes.

Mr. COUZENS. I think the Senator will discover that the language referred to by the Senator from Oregon will be found in the classification act dealing with employees.

Mr. NORRIS. I cannot understand why the words "including expenditures for personal services" would have the

effect suggested. If I am wrong about it, I should like to be corrected, but if I understand the language, it means just what I have stated, and if we strike that out a man could not pay his hotel bill.

Mr. McNARY. Oh, yes; because traveling expenses are provided for in line 17. I am not asking that the amendment be made at this time. I call the attention of the Senator to it so that he may think it over before tomorrow.

Mr. NORRIS. I shall be glad to do that. I wish to say to the Senator from Oregon and to other Senators that I invite any amendment which might be helpful. I realize, however, that the language we have used in giving power to the Rural Administrator is general, and I think when we reflect on it we will agree that it must be made general. Much as it might be desirable to make it more specific, it will have to be general.

Senators should remember also that the language will not be in effect forever. We know now, I believe, as well as we can know, just who the Administrator will be and who will be in the organization when it shall be started. The organization has been running without such a limitation so far, and I think it has been wonderfully successful.

I desire to return to the part of section 9 to which I was about to refer when the Senator from Oregon interrupted me. Not only must all promotions of officials and employees be made without regard to political test or qualification, and on the grounds of efficiency and merit, but it is provided—

If the Administrator herein provided for is found by the President of the United States to be guilty of a violation of this act—

The word "act" there ought to be made "section"—

he shall be removed from office by the President, and any appointee or selection of officials or employees made by the Administrator who is found guilty of a violation of this act shall be removed by the Administrator.

Section 10 provides that the Administrator shall report every year to Congress.

By section 12 the Administrator is authorized and empowered to extend the time of payment of interest or principal. That is criticized, but it seems to me only fair that he should be given the authority to extend the time of payment in case some great catastrophe should happen, such as has happened in the past, making it almost necessary for such an extension to be made.

There is attempted a definition of rural area. It—

Shall be deemed to mean any area of the United States not included within the boundaries of any city, village, or borough having a population in excess of 1,500 inhabitants.

The limit of 1,500 is an arbitrary selection. I do not know whether it is right or not. It strikes me as being fair, but it may be that the number should be smaller, or that it ought to be larger.

It is provided also that "such term shall be deemed to include both the farm and the nonfarm population thereof." It will often be found, in laying out a district which is to be electrified, that some of it standing alone does not have sufficient density of farm population to warrant the installation of an electric distribution system.

We must concede to start with that there are portions of the country which cannot be benefited by the proposed electrification, but the idea is that in mapping out the territory and organizing the districts the Rural Electrification Administration shall so far as possible include some of the territory which, standing alone, would not have sufficient density of farm population with other territories that would have a greater density of population than would be necessary in order to get some skim milk with the cream so as to make it on an average a self-liquidating proposition. One of the objections to the limited electrification which private power companies have installed is that they have taken just the cream; they have taken only the best and left the other out. It is going to be the idea of the Rural Electrification Administration to include just as much of the lean territory as can be included.

Another thing about the general authority that is given to this rural electrification I am reminded of now, and this exemplifies it. We must give to the Administrator a very wide discretion in carrying out the plan I have just suggested. We cannot lay down a hard and fast rule as to just how much density of population there shall be or in how much of a compact territory it will be, because there will be some places where by reason of extreme density of farm population they will be able to take in a comparatively large area of country where the population is not dense and thus give the benefit of the rural electrification to as many farm people as is possible.

FLOOD CONTROL IN NEW YORK STATE

Mr. WAGNER. Mr. President, I ask unanimous consent that the Senate proceed to consider the bill (H. R. 9062) authorizing the War Department to make a preliminary examination of Esopus Creek and its tributaries in New York, looking to flood control. The people in that section of New York State have suffered from floods in recent years, and the bill provides merely for a preliminary examination and a report.

Mr. McNARY. Mr. President, I understand the Senator is referring to a House bill.

Mr. WAGNER. It is a bill which has been passed unanimously by the House of Representatives and reported unanimously by the Commerce Committee of the Senate.

Mr. McNARY. The emergency consists in the fact that the engineers are on the ground?

Mr. WAGNER. The engineers are now in the territory affected, and this would complement their efforts.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

There being no objection, the Senate proceeded to consider the bill (H. R. 9062) authorizing a preliminary examination of the Esopus Creek and its tributaries of Birch, Bushnelville, Woodland, Warner Bushkill, and Beaverkill Creeks; Sawkill, Rondout, and Neversink Creeks, Ulster County; Schoharie and Catskill Creeks, Greene County; Neversink, Beaverkill, East Branch of Delaware, Willowemoc, and Lackawack Rivers, Sullivan County; Schoharie Creek and its tributaries, Schoharie County; all located in the State of New York, with a view to the controlling of floods, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War is authorized and directed to cause a preliminary examination to be made of Esopus Creek and its tributaries of Birch, Bushnelville, Woodland, Warner Bushkill, and Beaverkill Creeks; Sawkill, Rondout, and Neversink Creeks, Ulster County; Schoharie and Catskill Creeks, Greene County; Neversink, Beaverkill, East Branch of Delaware, Willowemoc, and Lackawack Rivers, Sullivan County; Schoharie Creek and its tributaries, Schoharie County, all located in the State of New York, with a view to the control of floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of floods of the Mississippi River, and the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. TRUMAN in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

IN THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

Mr. ROBINSON. Mr. President, at the request of the chairman of the Committee on Military Affairs, the Senator from Texas [Mr. SHEPPARD], I ask that the Army nominations be passed over.

The PRESIDING OFFICER. Without objection, the nominations in the Army will be passed over.

Mr. McNARY. Mr. President, does that include the promotions in the Army?

Mr. ROBINSON. Yes; all the Army nominations.

DEPARTMENT OF JUSTICE

The Chief Clerk read the nomination of Robert H. Jackson, of New York, to be Assistant Attorney General.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COAST GUARD

The Chief Clerk read the nomination of Lt. Comdr. Henry Coyle to be commander in the Coast Guard.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

IN THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations for promotions in the Marine Corps.

Mr. McKELLAR. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock tomorrow.

The motion was agreed to; and (at 4 o'clock and 30 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, February 26, 1936, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 25 (legislative day of Feb. 24), 1936

ASSISTANT ATTORNEY GENERAL

Robert H. Jackson to be Assistant Attorney General.

COAST GUARD OF THE UNITED STATES

Lt. Comdr. Henry Coyle to be commander.

PROMOTIONS IN THE NAVY

MARINE CORPS

Samuel C. Cumming to be lieutenant colonel.
Samuel K. Bird to be captain.
Edwin C. Ferguson to be captain.
Martin S. Rahiser to be captain.
Frank J. Uhlig to be captain.
Adolph Zuber to be captain.

POSTMASTERS

ARKANSAS

Thomas C. Hagins, Fordyce.

DISTRICT OF COLUMBIA

Vincent C. Burke, Washington.

GEORGIA

Claude M. Proctor, Summit.

ILLINOIS

L. Janet Merkle, Brocton.
Loy Bagby, Olmsted.
Mary J. Sheridan, Thomson.

NORTH DAKOTA

Genevieve Gregor, Dawson.
William C. Ney, Max.
Clarence B. Stinson, Warwick.

OREGON

Margaret M. R. Calendine, Cascade Locks.
Thomas B. Hoover, Kinzua.
Mary A. Hollister, North Bend.

SOUTH CAROLINA

Samuel Oscar Capell, Easley.

SOUTH DAKOTA

Sylvester Eisenman, Marty.

TENNESSEE

Joel F. Ruffin, Cedar Hill.

TEXAS

Antonia R. Garcia, Benavides.
Edith M. Bursey, Brackettville.
Whittaker Downman Bains, Brookshire.
Eugene Webb, Corrigan.
Clara C. Redford, Johnson City.
Joseph F. Wiles, Olton.
Charles B. Myers, Poteet.
Andrew J. Bushong, Rankin.
Frank P. McCabe, Rio Hondo.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 25, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, we lay our prayer on Thy altar; Thy heart is with those who need divine love, sympathy, and restraint. "Like as a father pitieth his children, so the Lord pitieth them that fear him." We pray that our aspirations may go out for that freedom which comes from knowledge, from virtue, and from faith in God; may we become more heroic in the things that make for righteousness and truth. Direct us in our demeanor that these may abound in word and deed. Forbid, gracious Lord, that we should ever be false to duty and false to ourselves. O Holy Spirit, enable us to stand for those fundamental elements which tend to build us up in self-denial, honor, fidelity, humility, and love, and Thine, through Christ, shall be the glory forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Crockett, its Chief Clerk, announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 3978. An act relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by the Reconstruction Finance Corporation and reaffirming their immunity; and

S. J. Res. 217. Joint resolution postponing the effective date of certain permit and labeling provisions of the Federal Alcohol Administration Act.

THE LATE ALBERT C. RITCHIE

Mr. GOLDSBOROUGH. Mr. Speaker, a great man has passed out of the life of this Nation. Ex-Governor Albert C. Ritchie, of Maryland, was not only an outstanding personality in his State but an outstanding figure in the entire Republic. Wherever the distinguished men of the United States were spoken of, Governor Ritchie's name was mentioned prominently and honorably.

The Maryland Members of the House of Representatives of the United States each feel a deep personal loss at the passing of Governor Ritchie and ask unanimous consent that this memorial may be embodied in the permanent RECORD of Congress.

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

There was no objection.

AMERICAN HIGH COMMISSIONER FRANK MURPHY

Mr. RABAUT. Mr. Speaker, I rise at this time to ask unanimous consent to place in the RECORD remarks concerning an official function of the Philippines at Malacanan Palace, and a speech by the honorable President, Manuel L. Quezon, in honor of the American High Commissioner, Frank

Murphy, of Michigan, that distinguished statesman who even in recent days has been complimented by the American press as a shining example for others to follow, because without blast of trumpet he goes about his task performing in a most humanitarian way the duties before him, meriting the praise and the eulogy of the President of the Philippine Islands.

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

There was no objection.

Mr. RABAUT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by President Quezon, of the Philippine Islands, in praise of High Commissioner Frank Murphy:

Mr. High Commissioner, gentlemen, I feel genuine pleasure in having as guest of honor tonight the United States High Commissioner to the Philippines. He is the representative of the President of the United States and the symbol of American sovereignty in our country. As such he merits the highest regard and distinction from this Government, as well as the friendliest sentiments from our people.

But this occasion is doubly significant to us, for as we honor the office of High Commissioner we are paying personal tribute to its present incumbent, one of our best friends and benefactors, our former Governor General, Frank Murphy. He has brought to that exalted post proved ability, tact, and character. To him we owe much for the laying down of the constitutional foundations of the Commonwealth in an expeditious and orderly fashion. Without his wise counsel and continued support, our new Government might not yet have been inaugurated, nor would such inauguration been held under so favorable auspices. We are indebted to him also for the high standards of efficiency and integrity which he upheld in our government, for his interest in awakening the public conscience to the most elemental claims of social justice, and for the example in simple living and public spiritedness which he has given us since his assumption of the duties of Governor General.

His deep and abiding sympathy for our aspirations, moved by his great love for liberty and the right of the people to rule themselves, has likewise been an encouragement to us. I trust that his faith in our people will be justified. Our nation has chosen the road to independence. That decision was made with full knowledge of the sacrifices and difficulties that must be met. We are following that road with determined and firm tread. There will be no turning back.

The success of the Commonwealth Government will depend in great measure upon the sympathetic attitude and broad understanding of the United States High Commissioner. I feel that President Roosevelt could not have appointed to this office a man possessing more of the quality needed to successfully discharge its duties than the Honorable Frank Murphy. I look forward during my whole administration to maintaining with the United States High Commissioner a relationship that shall be characterized at all times by harmony, friendship, and mutual confidence and respect. I have no doubt that as long as the Honorable Frank Murphy holds that post—and I hope it will be for many years—our relations will also be marked by an intimate cooperation in safeguarding the legitimate rights of sovereignty of the United States in the Commonwealth and in insuring the welfare, happiness, and liberty of the Filipino people.

I wish to relate on this occasion our faith and trust in the United States, and to voice once more our profound gratitude for the policy of altruism and unselfishness it has pursued in our land. We are also thankful to the present administration in Washington and to the Congress which have done so much to bring a speedy and successful accomplishment of America's noble enterprise in the Philippines. President Roosevelt has not only afforded us every facility to carry out the different processes leading to the establishment of our present Government but in every instance has shown solicitude to promote the just interests of our people. It may be hoped that under his leadership our trade relations with the United States will be adjusted in a manner that will give us a fair opportunity adequately to prepare ourselves for the conditions that will obtain when we shall have become independent.

With this in view, the holding of an economic conference between representatives of the United States and the Philippines has been engaging the attention of the Government in Washington for the last few months. This Government is looking forward to the calling of this conference on a date which Washington may consider most propitious. This conference might survey the whole field of American-Philippine trade to determine the inequalities in our present relationship resulting from the provisions of the Independence Act, and also whether under the economic provisions of said act it is feasible to carry out the object of said provisions and the aim of Congress, namely, to readjust our economy prior to the complete severance of the political relations between the two countries. Agreements reached at this conference either to cure inequalities or to make the provisions of the independence law more in keeping with their purpose will receive the support of this Government.

It is hardly necessary to point to the importance of this economic conference for the Philippines. The Government has been preparing the necessary data for the use of our conferees and will be ready to cooperate with the representatives of the United States to the end that we may establish a trade relationship that will redound to the lasting mutual benefit of the two countries.

This Government is facing problems of extraordinary complexity and far-reaching importance. These problems include not only those which confront all new governments but more particularly the preparation of the Philippines for free nationhood. First among these is the question of national security. For this reason, it has been the first concern of our Government to organize and gradually build up a system of national defense. While during the next 10 years the Philippines will continue under American sovereignty and may look to the United States for its defense, we have undertaken this task despite the considerable cost that it will entail upon our finances, because we wish to share with the United States the responsibility of our national defense and thus in some way lighten the burden which it has assumed in our behalf.

We are watching with profound interest developments in Europe looking to the strengthening of the instrumentalities of peace, especially the efforts of the League of Nations to end ruthless aggression. These efforts merit our deepest sympathy. The neutrality policy of the United States as declared by Congress and elaborated upon by President Roosevelt in his last message to that body will have the whole-hearted support of this Government. As all the other countries of the world, the Philippines crave for security and the opportunity to live unmolested and free.

A proper solution of our many problems demands not only the highest degree of statesmanship and willingness to sacrifice individual interest but also the cooperation of the United States, which can be made possible through the intimate collaboration by the High Commissioner with our Government. We are, indeed, fortunate that with the Honorable Frank Murphy occupying that post we shall be assured of that collaboration.

Gentlemen, I ask you to rise and drink the health of High Commissioner Frank Murphy, the trusted friend of the Philippines.

LEGISLATIVE AND OTHER NEEDS OF NEW ENGLAND

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech recently made by Senator E. W. GIBSON, of Vermont.

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

There was no objection.

Mr. PLUMLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following speech delivered on February 13, 1936, by Hon. E. W. GIBSON, Senator from Vermont:

My ancestors have lived and labored in New England for nearly 300 years. I am, therefore, deeply interested in all that pertains to the welfare of that section.

In the short time allotted me it is possible to mention only a few phases of our agricultural, manufacturing, and industrial life which need attention. Lack of time prevents more than mere suggestions as to what should be done.

The economic history of New England reveals a story of continued and unselfish help to other parts of our country. We have given to the Nation men and women who have become leaders in thought and action; we have given generously of our resources to build up the business and agriculture of the West and South. The time has arrived when we must look to our own advancement.

NEW ENGLAND SHIPPING

Let us consider our needs as to shipping. This is a matter of more than local or regional interest. There was a period when shipping was one of our chief business activities. The shipyards of Maine were known around the world. Sails of the ships of Massachusetts knew the breezes of the seven seas. * * * All this has changed. On the North Atlantic seacoast there are seven major, or class A ports; these are the natural gateways of that great industrial and commercial area of the United States lying east of the Mississippi and north of the Ohio. This territory is by far the most important part of our country from the standpoint of population, industry, and railroad tonnage. It contains more than half of our country's population; produces nearly three-fourths of its manufactured products, and through its principal ports flow 51 percent of its foreign commerce. Because of this concentration of population, of industry, and commerce, the seven great seaports of the North Atlantic represent interests of the highest national importance. To fully appreciate their value, assume that some upheaval of nature should cause them to disappear. What would become of the population in this great commercial and industrial structure of the eastern territory?

Yet, insofar as foreign trade is concerned, three out of seven of these ports have disappeared to all intents and purposes by reason of the lack of a far-sighted national transportation policy. I refer to the ports of Portland, Maine; Boston, Mass., and Providence, R. I.

We have reached a condition where, at the present time, there is no regular transatlantic steamship services out of Portland or Providence, and the facilities out of Boston have been curtailed to such an extent as to be inadequate for, and prejudical to, the interests of New England.

In contrast, the South Atlantic and Gulf ports have been developed by adequate steamship services furnished them by the

former United States Shipping Board. The control of such shipping has been given to operators whose interests are identical with those of the ports and territories served.

Good shipping facilities build up a seaport, and add to the general prosperity of its immediate section. We have helped the ports of New York, Baltimore, Norfolk, and Philadelphia, and by so doing have injured our own.

The New England railroad and water transportation agencies are in the hands of carriers primarily interested in routing water traffic through ports other than our own. In fact, the control of the principal railroad and steamship lines serving our ports rests in the hands of the Pennsylvania and New York Central Railroads. It is common knowledge that these two railroads center their competition, not in New England but to the south and west of it, and are apparently indifferent to our traffic problems. A recent survey by the United States Department of Commerce discloses that over 66 percent of the exports originating in New England, and over 50 percent of our imports move by way of the port of New York, and only 13 percent by way of Boston.

Our ports were formerly used extensively for traffic destined to or moving from Canadian points. Legislation enacted in 1926 by the Canadian Government caused this commerce to be restricted exclusively to its own ports, yet our traffic moves through Canadian ports in great volume.

In my opinion, the reciprocal trade agreement which the United States recently entered into with Canada works an injury to New England. However, it may be that some advantage will result in connection with shipping because of this agreement, for it is expected that a considerable volume of Canadian traffic will now move through New England ports.

It is a matter of record at the State Department that for years over 20 percent of all passports issued have been to New Englanders. Great numbers of our people find it necessary to sail from New York, Montreal, or Quebec because of inadequate services from Boston, Portland, and Providence. In view of this situation it is clear that the only way we can regain the place that our importance justifies is for New England to recover control of our railroads and to establish adequate steamship services under the American flag to all quarters of the globe. The Department of Commerce can help us if it will. It has the ships. It has the funds for operation. The volume of traffic exists. We must battle for the interests of our homeland. No one will do it for us.

Let me sound a warning. We must beware of those who shout for loyalty from the housetops and at the same time work under cover to prevent a solution of our problem. I am referring to those who direct their energies at the behest of interests foreign to and outside of New England. Such services should be controlled by the people who are loyal to and sincerely believe in developing our section.

Another thing in connection with shipping: the conferences of steamship operators assume to dictate into which port a ship may go. If a ship wishes to operate out of Providence, it must first gain the consent of a conference of the shipowners. These conferences can, and do, dictate as to the ships that can go into any harbor, and are today boycotting or limiting service to certain American ports by the votes of foreign shipowners. One conference has a membership of 17 foreign owners and only 1 American. A monopoly can, and does, absolutely dictate the course of foreign shipping. It is one of the agencies that throttle New England.

There is pending an amendment to the ship-subsidy bill providing that it shall be unlawful for any common or contract carrier by water, either directly or indirectly, through the medium of an agreement or conference, to attempt to prevent any such carrier from serving any port designated for the accommodation of ocean-going vessels.

This amendment should have the hearty sanction of every New England Member of the Congress.

MAPLE SUGAR

I have said the trade agreement with Canada works an injury to New England. Let me illustrate: Maple sugar is one of the chief agricultural products of Vermont. Its commercial value for 1935 is estimated to be $2,026,000.

In 1930 I secured a reasonable tariff rate of 8 cents a pound on sugar. This afforded ample protection against Canadian competition with low costs of production.

Before this rate went into effect a New York importer, acting, it was claimed, for a great industrial concern, a consumer of maple sugar, brought a petition to the Tariff Commission, and through efforts on the part of two secretaries of former Presidents as attorneys, got the rate reduced to 6 cents a pound.

Now comes the reciprocal agreement reducing it to 4 cents, one-half of the 1930 rate fixed by Congress. This is a rate that encourages competition that cannot be met, and it is a hard blow for the Vermont farmer. His only salvation lies in an adjustment of the tariff rate.

OUR MONEY

Prior to the depression the banks of Vermont had $50,000,000 of money, earned by hard labor of our people, invested in developing the farms of the South and West; and many other millions invested individually and through the medium of insurance companies. This money should have been put to and kept at work to develop our home section. Let the State legislatures of New England see to it that our people are protected against losses by a similar condition when prosperity returns and we have money to invest.

TEXTILES

Our great textile industries are at low ebb. We need ample tariff protection for these products. We have lost our markets. Let me point to an example. In the fall of 1934, when I made an investigation of economic conditions in the Philippines as a member of the President's Commission, the Philippines was our best customer for cotton cloth, bleached and unbleached, taking 70 percent of the import, while Japan furnished 30 percent. In 1935, when I was again in the Orient, these percentages were just reversed. Japan, through low labor costs, had captured our best market right under the American flag. Thousands of American textile workers at home were kept from earning their living while Japanese workers were employed full time. We cannot compete with the Japanese. Our only practical safeguard is sufficient tariff protection.

There has been introduced in Congress the so-called Ellenbogen bill, which proposes hindrances under which our textile manufacturers cannot live. Its provisions are intolerable and unworkable, and will tend to a loss of capital investment, unemployment, and widespread misfortune. It is no time to further hamstring the industry.

OUR RAILROADS

We are concerned with the maintenance of a home-controlled railroad system of transporation. It will be conceded, of course, that the railroads must continue to be our principal reliance for this essential of our business prosperity.

I recognize the justice of their demands for equality in the matter of taxation, regulation, and subsidies; since they are carefully regulated their competitors should also be regulated. In the matter of supervisory and restrictive laws other methods of transportation should be subjected to the same treatment as our railroads.

MILK

Rural New England is a great dairying section. It is essential that the farmers be prosperous. To be prosperous they must get a reasonable price for milk. The farmer is at the mercy of the middleman and the distributor unless he is protected. He should be assured of a minimum price that will pay for his labor, his overhead, and return a reasonable profit. It is his business. He puts in the capital necessary and the labor. The farmer is the one to be looked out for, not the groups that are manipulating the farmers' products for selfish ends. Any other solution means ruin eventually for the farmer, and his ruin means disaster for New England.

A new milk-marketing agreement for the Greater Boston sales area containing a complicated schedule of minimum prices for producers became effective February 9. The guaranteed class A price to producers ranges on a downward scale from $3.42 per hundredweight for milk delivered from a plant of an association of producers to a handler's plant within 40 miles from Boston to $3.09 for milk sent from a producers farm to a handling plant outside the 40-mile radius with a deduction of freight costs from the delivery point to the dealer's plant in the market area.

This represents an increase of approximately 44 cents per hundredweight in price to producers above those prices contained in the license which the order supplants.

This order was tentatively approved by the Secretary of Agriculture on January 18 last and is now before the President for his approval.

AIR MAIL

We need air-mail extensions for northern New England. The Boston-Burlington route should include St. Johnsbury and other towns and a new service established from Springfield, Mass., north through to Burlington. I have reason to believe that the Post Office Department will look with favor upon such a route.

NEW ENGLAND

The people of New England should wake up and fight for their interests. If we have any Member of Congress who cannot do so wholeheartedly, he should step aside for someone who will.

A New England bloc in Congress—who is afraid of it? Other sections get results through unity of action, and we help pay the bills. Let us rally to the defense and protection of our homeland.

I agree with Governor Brann, as he recently stated, that "New England should cement itself into a live unit for its own advancement."

We must keep alive the good old spirit that makes us great. By the application of the old virtues of thrift, frugality, economy, and individual initiative we can once more become the leader and save this Nation of ours.

GEORGE WASHINGTON, AMERICAN

Mr. COLDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by my colleague, the gentleman from California [Mr. BUCK], on Washington's anniversary.

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

There was no objection.

Mr. COLDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by my colleague, Hon. FRANK H. BUCK, of California, at Alexandria, Va., on February 22, 1936, to the

members and guests of Alexandria-Washington Lodge, No. 22, A. F. and A. M., on the occasion of their exercises commemorating the two hundred and fourth birthday of George Washington:

May I first express the deep appreciation which I feel of the honor that you have conferred upon me in asking me to be present and participate in your celebration of the birthday of the Father of his Country? No words of mine can add to his greatness; no portrait that I could paint can extol his reputation or make more secure the place that he holds in the hearts of his countrymen, least of all here in Alexandria—

"Where Washington hath left
His memory
A light for after times."

But it is well to recall that memory; it is well to consider briefly the career and the acts and the impulses that made him the first American and which have continued to enshrine him in the hearts of his countrymen. Let us then inquire into the sources of his power and his influence, his own attributes that made men acknowledge his leadership cheerfully, and into the results that came from that influence and power.

His great versatility is the outstanding characteristic of George Washington—surveyor, engineer, explorer, farmer, businessman, military leader, statesman, and President of the United States. In all these vocations and avocations he succeeded. He applied to each one of these occupations that common sense and ability and that tireless energy which marked his whole career. He took literally that splendid injunction which centuries ago David gave to Solomon: "Whatsoever thy hand findeth to do, do it with all thy might." How many of us today would profit by following half as well as our first leader did that injunction?

Without doubt the noble qualities which the world came to admire were developed as the result of the early training and hardships which he underwent in his surveying trips and in his military experiences in the French and Indian War. Blessed with hard-headed common sense, he learned there the necessity of discipline; he learned the difficulty of arousing the plainer types of citizens—yes; even those on the frontier—to be patriots, or even to be defenders of their own property. With State, and even county, loyalty more or less imaginary, with the militia irregular, with the commissary inadequate and depending on disunited action, he learned the vital importance of that united effort which he took the lead in later translating into the Union of the States.

His early exploration taught him the value of what was then the West, and taught him above all to oppose sectionalism at any cost. He was the first to advocate the linking of the Mississippi Valley with the Atlantic coast. He advocated extension of the Virginia rivers from tidewater to inland navigation and a canal connecting Lake Erie with the Hudson River. His was a firm belief in the development of the resources and commerce of the Colonies, but not as several and separate units. His was a truly national view.

The value of this viewpoint was demonstrated by his conduct of the Revolutionary War. Of course, there were conflicts and jealousies between the several Colonies; of course, there were efforts to unseat him from the central power of command; but always, because of the purity of his character, because of the fact that he was not an agitator, because of the self-sacrifice that he was willing to make for public service, and because of his firm and assured persistency, his words and actions inspired the confidence that was necessary to hold together the ofttimes discouraged and never well-prepared colonial forces.

I have said that he was no agitator, and, while he took an active part in political life, he was not an orator. His work was not done on the rostrum or through pamphlet or press; nevertheless, he was the man of whom Patrick Henry said:

"If you speak of solid information and sound judgment, Colonel Washington is by far the greatest man on the floor."

It is not my purpose to review in detail the life history of George Washington, nor to carry you with him through the struggles of the Revolutionary War. Your own memories will supply a recollection of the trials and tribulations over which the spirit of George Washington rose triumphantly. Nor was it only foreign foe that he had to fight; indifferences, jealousy, and intrigue at home were also to be overcome. The way of a man who fixes his eyes on the stars is a hard way. Aye—

"Be thou as chaste as ice, as pure as snow, thou shalt not escape calumny."

And under calumny he suffered. But his spirit of public service and devotion to the common weal was so great and so strong that eventually and permanently it has shaken off and overcome all attacks that have been directed against him.

Probably the greatest work he accomplished for the benefit of posterity was securing the adoption of our Federal Constitution. No one can deny that Washington's efforts were by far the most influential in securing public approval of that document which, however much we have changed it in the past and however many times we may change it in the future, will still remain the guardian of our liberties. By this work he made the rights of man so eloquently described and preached by another great Virginian—Thomas Jefferson—a reality. The necessity of a central government for the States was clearly seen by him and came naturally as the result of that lesson of unity which he had learned during his early and middle life. It is not too much to say that he first practically conceived of the United States as a nation.

One may note in his farewell address the use of the word "American" throughout. One may note there the effort to securely link the scarcely settled West to the Atlantic seaboard. Note, too, the care with which he called the people's attention to the fact that the Constitution must necessarily be an instrument of growth. The people of his day were not constitutionally minded—their problems were still local. They felt that somehow or other the Constitution would execute itself. Even today some of our people feel the same way. But Washington knew that it would not. He knew the care with which the duties it imposed must be executed. Probably his ideal of dispensing with parties in the American Government was too high to be reached; perhaps he did not see the inevitability of differences of honest minds which must exist on all questions of domestic concern. Time and history, however, have vindicated his conception of union and have shown that we may be divided at home in our counsels, but that our strength lies in the fact that we stand united against all attacks from the world at large, seeking no power over others, but intent on defending our own rights.

The truly national view is one that is most difficult to reach. Neither of the leading members of President Washington's first Cabinet attained it; it is neither the commercial view of Hamilton with his solicitude for manufacturers, nor that of Jefferson, with its tender concern and aid for agriculture, but that of Washington who tried to bring both of these together.

In truth, we may well give thanks that there lived in those troublous times one who had learned the lesson of united effort, and who applied that lesson in his actions throughout his life, most especially when called to preside over the Nation's destiny.

It has been said that:

"An institution is the lengthened shadow of a man."

If so, we may well regard our free institutions as the projection of George Washington's shadow into immortality.

Tonight we meet to honor the memory of one whom the world has proclaimed among the greatest. We meet to acknowledge and revere the towering judgment, wisdom, and leadership of George Washington, American.

"Unbounded courage and compassion join'd,
Tempering each other in the victor's mind,
Alternately proclaim him good and great,
And make the hero and the man complete."

CALENDAR WEDNESDAY

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday of this week be dispensed with.

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

Mr. WHITE. Mr. Speaker, I object.

PERMISSION TO ADDRESS THE HOUSE

Mr. KNUTE HILL. Mr. Speaker, I ask unanimous consent that on tomorrow, after the reading of the Journal and disposition of business on the Speaker's desk, I may be permitted to address the House for 10 minutes.

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

There was no objection.

COST OF ELECTRIC POWER

The SPEAKER. Under the special order for today the Chair recognizes the gentleman from Mississippi [Mr. RANKIN] for 20 minutes.

Mr. RANKIN. Mr. Speaker, a few days ago Mr. Wendall Wilkie, president of the Commonwealth & Southern, gave out a statement in which he is quoted as saying that if his companies were given the subsidies now received by the T. V. A. they could undercut the publicized T. V. A. light and power rate 25 percent. I am taking the floor at this time to answer that statement and to discuss for a short time the subject of the cost of electric power.

Permit me to say at this time that if President Roosevelt had never done anything else, his effort to bring down the price of electric light and power to the ultimate consumer would perpetuate his name in history as one of the greatest benefactors of mankind. [Applause.]

Every single reduction that has been made in light and power rates within the last 3 years, from Maine to California, has been made as a result of the Roosevelt power policies and the T. V. A. yardstick. I predict that within 5 years the present T. V. A. rates will be the maximum power rates in every congressional district in the United States. The consumers of electric energy are going to demand more decent treatment in the fixing of these rates, and they are going to expect us, their Representatives, to see that they get it.

Let me say to the gentlemen who oppose this policy that you are tampering with the most dangerous and powerful issue now before the country. You are tampering with an issue that reaches into 20,000,000 homes and into every room of those 20,000,000 homes. It reaches into 5,000,000 business houses. Every one of those 25,000,000 consumers have come to realize that they have been grossly overcharged for electric lights and power. Mark my prediction: They may not draw the party line, but, in my opinion, they are going to drive from office those men who oppose these efforts to bring down electric light and power rates and give the people the benefit of this great natural resource at what it is worth.

Mr. Wilkie states, as I said before, that he could sell power for 25 percent less than it is being sold under the T. V. A. rates if he only had the same subsidy. You know, Congress, the Roosevelt administration, and the Supreme Court of the United States have just about "debunked" Mr. Wilkie. In fact they have just about "debunked" all these other propagandists for the power interests. However, he has been so thoroughly "debunked" by his own record that all I need to do is to expose it to the public gaze. Mr. Wilkie is president of the Commonwealth & Southern, a holding company, a bleeding company, that owns the Mississippi Power Co., the Alabama Power Co., the Georgia Power Co., and other power companies that operate in certain Northern States, especially in the State of Michigan, where a few scattered Republicans are promoting the candidacy of a favorite son for the Republican nomination for President.

The record shows that the people of the State of Michigan, the consumers of electric lights and power, are overcharged $34,000,000 a year. If their light and power rates were reduced to the T. V. A. levels, the consumers of electric lights and power in Michigan would save $34,000,000 a year. I suggest that their favorite son let all those millions of electric consumers know where he stands on this vital issue now.

I note that the State of Kansas also has a "favorite son" who is a candidate for the Republican nomination for President, and who seems to studiously avoid the power issue. The people of Kansas are overcharged $9,174,000 a year for electric lights and power. Let this "favorite son" tell the people of Kansas how he stands on the power question. Of course, if he is on the side of the people, the consumers in Kansas who are being robbed through these exorbitant rates, if he takes sides with them, he will lose the support of the Power Trust newspapers that are now boosting him. The Liberty League will quit him cold; Wall Street will forget him. On the other hand, if he is on the side of the Power Trust in this fight, he could not hope to secure the support of the people of Kansas who are thus being robbed of more than $9,000,000 a year.

I understand, too, that Illinois has a "favorite son" who is mentioning himself quite frequently as a candidate for the Republican nomination for President. The people of the State of Illinois are overcharged $58,474,000 a year for electric lights and power. I wonder what this "favorite son" is going to say to them on this vital issue. He cannot hope to carry Illinois without the support of the millions of consumers of electric energy. Yet, if he comes out on the people's side of this issue, he will lose the support of every Power Trust newspaper in the country, and every newspaper that sympathizes with the Power Trust in this fight—except his own.

The State of Iowa has a "favorite son" who seems to desire to be the next ex-candidate for President on the Republican ticket. The people of Iowa are overcharged $12,480,000 a year for electric lights and power. I wonder what he is going to say to them on this subject. If he is with the people of Iowa, it is getting about time he let them know it. If he comes out on the right side of this question, of course, he will lose the support of the Liberty League and all the Power Trust newspapers in the United States. If he comes out on the side of the Power Trust, he could not carry Iowa, even if he got the nomination—even if he should promise to put "two cars in every garage and two chickens in every pot."

The State of Idaho has a favorite son who is seeking the Republican nomination for the Presidency. The people of Idaho are overcharged $2,761,000 a year. Let him speak up and tell the American people exactly where he stands on this all-important issue.

And I see from the Republican press that there is an independent (?) candidate " 'way down in Georgia." I wonder where he stands on the power question, or where he is going to say he stands. The people of Georgia are overcharged $9,666,000 a year for lights and power, and the majority of them get no electricity at all, although the T. V. A. is at their door and T. V. A. power is available to them.

In order that other favorite sons may have no alibis, I am giving here the overcharges by States, showing the amount that the people of each State would save if they were getting their electric energy at the T. V. A. rates.

MAINE

Under the T. V. A. rates the people of the State of Maine would save $5,087,000 a year.

NEW HAMPSHIRE

Under the T. V. A. rates the people of the State of New Hampshire would save $3,443,000 a year.

VERMONT AND RHODE ISLAND

Under the T. V. A. rates the people of the States of Vermont and Rhode Island together would save $8,222,000 a year.

MASSACHUSETTS

Under the T. V. A. rates the people of the State of Massachusetts would save $37,184,000 a year.

CONNECTICUT

Under the T. V. A. rates the people of the State of Connecticut would save $14,451,000 a year.

NEW YORK

Under the T. V. A. rates the people of the State of New York would save $125,699,000 a year.

NEW JERSEY

Under the T. V. A. rates the people of the State of New Jersey would save $39,123,000 a year.

PENNSYLVANIA

Under the T. V. A. rates the people of the State of Pennsylvania would save $71,169,000 a year.

OHIO

Under the T. V. A. rates the people of the State of Ohio would save $46,843,000 a year.

INDIANA

Under the T. V. A. rates the people of the State of Indiana would save $19,184,000 a year.

ILLINOIS

Under the T. V. A. rates the people of the State of Illinois would save $58,474,000 a year.

MICHIGAN

Under the T. V. A. rates the people of the State of Michigan would save $34,025,000 a year.

WISCONSIN

Under the T. V. A. rates the people of the State of Wisconsin would save $17,893,000 a year.

MINNESOTA

Under the T. V. A. rates the people of the State of Minnesota would save $14,460,000 a year.

IOWA

Under the T. V. A. rates the people of the State of Iowa would save $12,480,000 a year.

MISSOURI

Under the T. V. A. rates the people of the State of Missouri would save $21,068,000 a year.

NORTH DAKOTA

Under the T. V. A. rates the people of the State of North Dakota would save $2,184,000 a year.

SOUTH DAKOTA

Under the T. V. A. rates the people of the State of South Dakota would save $2,480,000 a year.

NEBRASKA

Under the T. V. A. rates the people of the State of Nebraska would save $7,156,000 a year.

KANSAS

Under the T. V. A. rates the people of the State of Kansas would save $9,174,000 a year.

DELAWARE, DISTRICT OF COLUMBIA, MARYLAND, AND WEST VIRGINIA

Under the T. V. A. rates the people of the States of Delaware, Maryland, and West Virginia, and the District of Columbia together would save $24,870,000 a year.

VIRGINIA

Under the T. V. A. rates the people of the State of Virginia would save $9,600,000 a year.

NORTH CAROLINA

Under the T. V. A. rates the people of the State of North Carolina would save $10,642,000 a year.

SOUTH CAROLINA

Under the T. V. A. rates the people of the State of South Carolina would save $5,567,000 a year.

GEORGIA

Under the T. V. A. rates the people of the State of Georgia would save $9,666,000 a year.

FLORIDA

Under the T. V. A. rates the people of the State of Florida would save $9,141,000 a year.

KENTUCKY

Under the T. V. A. rates the people of the State of Kentucky would save $8,227,000 a year.

TENNESSEE

Under the T. V. A. rates the people of the State of Tennessee would save $9,852,000 a year.

ALABAMA

Under the T. V. A. rates the people of the State of Alabama would same $6,163,000 a year.

MISSISSIPPI

Under the T. V. A. rates the people of the State of Mississippi would save $3,981,000 a year.

ARKANSAS

Under the T. V. A. rates the people of the State of Arkansas would save $4,157,000 a year.

LOUISIANA

Under the T. V. A. rates the people of the State of Louisiana would save $7,401,000 a year.

TEXAS

Under the T. V. A. rates the people of the State of Texas would save $24,912,000 a year.

OKLAHOMA

Under the T. V. A. rates the people of the State of Oklahoma would save $8,639,000 a year.

MONTANA AND UTAH

Under the T. V. A. rates the people of the States of Montana and Utah together would save $6,546,000 a year.

IDAHO

Under the T. V. A. rates the people of the State of Idaho would save $2,761,000 a year.

WYOMING

Under the T. V. A. rates the people of the State of Wyoming would save $1,318,000 a year.

COLORADO

Under the T. V. A. rates the people of the State of Colorado would save $6,405,000 a year.

ARIZONA AND NEW MEXICO

Under the T. V. A. rates the people of the States of Arizona and New Mexico together would save $4,287,000 a year.

NEVADA

Under the T. V. A. rates the people of the State of Nevada would save $1,034,000 a year.

WASHINGTON

Under the T. V. A. rates the people of the State of Washington would save $12,188,000 a year.

OREGON

Under the T. V. A. rates the people of the State of Oregon would save $6,929,000 a year.

CALIFORNIA

Under the T. V. A. rates the people of the State of California would save $53,503,000 a year.

Of course, the people of the various States would save a great deal more than this record indicates if they were getting their power at T. V. A. rates, for the simple reason that they would use more of it. They would also enjoy the use of more electrical appliances, such as refrigerators, water pumps, electric ranges, washing machines, and other labor-saving devices.

Let me suggest to these various "favorite sons" who, as Private John Allen's old Negro once said, are "running for candidate", as well as to the candidates for the House and Senate, that they had better familiarize themselves with this issue and be prepared to answer the American people. The voters, the consumers of electric lights and power, who are paying these exorbitant bills and the millions of farmers who are being denied the use of any electricity at all are going to be like the old Negro who got lost one night in a thunderstorm and was trying to follow a beaten path by the flash of the lightning: He got on his knees in the midst of the excitement and prayed to the Lord to "Gimme less racket and more light." The people are going to demand of these favorite sons that they be given less racket and more light.

Now, let us get back to Mr. Wilkie's statement and see what the "benevolent" Commonwealth & Southern could, or did, do if furnished cheap power by the T. V. A.

When this administration came into power the Commonwealth & Southern was buying power at Muscle Shoals at 2 mills a kilowatt-hour. They were relaying it to the ultimate consumers less than half a mile away at 10 cents a kilowatt-hour, or a difference of 4,800 percent. They were selling it to some farmers in my district at from 30 to 40 cents a kilowatt-hour.

The only farmers who were getting any of this power in my section of the country were paying a line charge of $3.25 a month and then 5 cents a kilowatt-hour for what electricity they used; in other words, they were paying anywhere from 30 to 40 cents a kilowatt-hour for electricity that was costing the Commonwealth & Southern 2 mills a kilowatt-hour at the dam. For 25 kilowatt-hours a month one of these farmers paid the sum of $4 for electricity that cost the power company 5 cents at the dam.

As you know, at that time we were in the midst of the depression. This was in 1932 and 1933, when the banks were closed, when the most-distressed conditions we have ever witnessed prevailed in this country, but at that time the president of the Commonwealth & Southern was drawing down a salary of $130,000 a year.

Now, it is charged that this power is being sold below the cost of production, and it is on that question of the cost of power that I wish to address you at this time.

I have before me the report of the Army engineers, made in 1930, and signed by Patrick J. Hurley, the Republican Secretary of War, in which is given the cost of power produced at Muscle Shoals.

The Commonwealth & Southern proved to us then that while they were buying it for around 2 mills a kilowatt-hour, they were paying all it was worth. Now, when we buy it for 6 mills per kilowatt-hour, Mr. Wilkie intimates that if he could get it at the same rate he could sell it for 25 percent less than it is being sold in that area today.

Let us see whether or not they were selling it below the cost of production then.

On page 530 of this report of the Army engineers it is stated that—

> The sale prices for Wilson Dam power necessary to obtain in order to pay 4 percent on the investment in plant and transmission lines, and to cover the cost of operation and maintenance (indefinitely) of these are based upon the known cost of the hydro plant to date, a careful estimate of additional installation at costs of the present installation, and upon estimates of the cost of transmission lines, and of operation, depreciation, etc. It is seen—

Here is what the Army engineers said under a Republican administration back when Mr. Hoover was putting "two cars in every garage and two chickens in every pot" [laughter]—

It is seen, therefore, that these prices are based largely upon known costs, and that an error in the items estimated would affect the sales prices but little. The hydro prices reduced to mills per kilowatt-hour would be as follows:

Listen to this, you gentlemen who have been accusing us of selling power below the cost of production, because we are going to take this fight into every community in the United States, and we are going to give the American people the benefit of cheap electricity before it is finished. So either take up the gauntlet or get aboard and join the ranks of righteousness in this battle for a worthy cause.

At the switchboard it could be sold—

The report says—

at 1.352 mills per kilowatt-hour.

The Commonwealth & Southern showed that they were paying a profit when they bought this power at 2 mills per kilowatt-hour, and they were telling the truth, for once.

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

Mr. RANKIN. I will, in just a minute. I know what the gentleman is going to ask, and I have the answer ready. [Laughter.]

Now, listen:

To transmit it 100 miles—

That is, down to Tupelo, we are just about 100 miles away—and that includes all costs of generation and transmission—

1.993 mills per kilowatt-hour.

Yet when we pay 6 mills at Tupelo, he intimates that if he could buy it at that price, he could sell it for 25 percent less than we consumers are now paying for it.

"Transmitted 200 miles", which would reach Memphis, "2.310 mills per kilowatt-hour."

"Transmitted 250 miles", which would, today, reach Columbus, Ohio, from the Norris Dam, "2.467 mills per kilowatt-hour."

"Transmitted 300 miles, 2.625 mills per kilowatt-hour."

"Transmitted 350 miles, 2.775 mills per kilowatt-hour."

This is what it costs to produce and transmit power estimated by the cold, logical, disinterested Army engineers under a former administration.

I now yield to the gentleman for a question.

Mr. RICH. Will the gentleman put in the RECORD a breakdown of that cost of 1.35 mills per kilowatt-hour, so we may see the elements of overhead that are figured under the Muscle Shoals or T. V. A. power cost? I am anxious to know if all elements of cost are figured, such as a business concern must reckon with.

Mr. RANKIN. I will put in this statement, which covers the whole thing.

Here is a statement of the Army engineers, as shown on page 530 of that report (H. Doc. No. 328, 71st Cong., 2d sess.):

The sales prices for Wilson Dam power necessary to obtain in order to pay 4 percent on the investment in plant and transmission lines, and to cover the cost of operation and maintenance (indefinitely) of these are based upon the known cost of the hydro plant to date, a careful estimate of additional installation at costs of the present installation, and upon estimates of the costs of transmission lines and of operation, depreciation, etc. It is seen, therefore, that these prices are based largely upon known costs, and that an error in the items estimated would affect the sales prices but little. The hydro prices reduced to mills per kilowatt-hour would be as follows:

	Mills per kilowatt-hour
At the switchboard	1.352
Transmitted 100 miles	1.993
Transmitted 200 miles	2.310
Transmitted 250 miles	2.467
Transmitted 300 miles	2.625
Transmitted 350 miles	2.775

On page 531 of this same report we find this statement:

To supply the prospective market under consideration, it is estimated that the average transmission distance would be 250 miles, and based upon transmission-cost data worked up in the Nashville office, a copy of which constitutes a part of appendix G, section C, of this report, this would be 1.118 mills per kilowatt-hour including line losses. Having the average cost of hydropower at the switchboard, and the average cost of transmission over the average distance, 1.358 plus 1.118 equals 2.470 mills per kilowatt-hour, equals the average cost of the hydropower delivered at an average distance of 250 miles.

Thus it will be seen that, taking all factors into consideration, this power can be generated and transmitted 250 miles at a cost of 2.47 mills per kilowatt-hour.

Mr. WILCOX. Mr. Speaker, will the gentleman yield to me at that point?

Mr. RANKIN. Yes.

Mr. WILCOX. Just to call attention to the fact that when the bill was before the House I inserted from the hearings that entire break-down, so that it has been put into the RECORD, and it has never been disputed.

Mr. RANKIN. I thank the gentleman from Florida. I am afraid the gentleman from Pennsylvania is not so much interested in the facts. What he needs is an alibi—a storm cellar in which to escape the righteous wrath of an outraged public opinion in Pennsylvania.

The outstanding example of the actual cost of generating and distributing hydroelectric power is that of the municipal light and power plant at Tacoma, Wash. They have a plant valued at about $23,000,000, which has an outstanding indebtedness of about $7,000,000. The balance has been paid out of the revenues derived from the sale of electric energy. Tacoma has a hydroelectric plant and also a steam plant for standby or emergency purposes. This light and power system is entirely separate from the city and pays taxes to the municipality just as if it were a private concern. In 1934 Tacoma generated and sold 199,872,994 kilowatt-hours of electric energy, which it generated and distributed to the ultimate consumers at an average price of 8 mills per kilowatt-hour, after paying its operating expenses of $496,662.40, interest on the indebtedness of $402,171.68, depreciation amounting to $594,375.29, and taxes in the sum of $154,139.51.

Mr. EAGLE. Does Tacoma own its plant?

Mr. RANKIN. Yes; it is a publicly owned plant and distribution system, and I might say to the gentleman from Texas that it has a complete monopoly of the power business in the city of Tacoma.

The city of Springfield, Ill., has a publicly owned power system, and generates its energy by steam. Although it serves a population of only about 72,000 people, Springfield generated and distributed power to the ultimate consumers in 1934 at an average cost of 1⅕ cents a kilowatt-hour. Richmond, Ind., with a population of only 33,000 people, generated and distributed power at an average cost of 1½ cents a kilowatt-hour. Hannibal, Mo., a city of 22,000 people, with a municipally owned steam plant and distribution system, generated and distributed electricity in 1934 at a cost of 1.27 cents per kilowatt-hour. I could cite an indefinite number of similar cases, all of which go to show that power can be generated and distributed anywhere in the United States at the T. V. A. rates, without in any way impairing the values of legitimate investments.

The gentleman from Pennsylvania [Mr. RICH] has challenged a statement that I made, to the effect that ordinarily power can be produced as cheaply by steam as by water power.

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

Mr. RANKIN. Yes.

Mr. RICH. I did not challenge the statement the gentleman made yesterday, but now I do not believe it is so and I would like to have the gentleman produce the figures.

Mr. RANKIN. If that is not a challenge, I do not know what a challenge is.

Mr. RICH. Then I challenge the gentleman.

Mr. RANKIN. Then I will answer the gentleman from Pennsylvania. He has more coal in his State, perhaps, than any other State in the Union, and an abundance of oil and of water power, but he has never hesitated to oppose every movement by the Roosevelt administration to bring down the power rates to the people of the country.

Mr. RICH. I want it done by individuals. I am opposed to the Government in business in everything.

Mr. RANKIN. He is for whatever will help them continue to take from the masses of the people of Pennsylvania the $70,000,000 to $75,000,000 a year that is now being wrung from the consumers of electric light and power in that State.

Mr. RICH. Oh, I am not defending the Power Trust.

Mr. RANKIN. The gentleman says that, but if you will refer to his votes, to his record, you will find that he has opposed every single measure that we have brought in here, every effort of the administration to bring down electric light and power rates.

Mr. RICH. I am trying to save the country and God knows we need to, and if you do not help pretty soon, you will wreck it.

Mr. RANKIN. Yes? Now, that sounds familiar. The gentleman's party has been in power in Pennsylvania almost since the Civil War. They have not only refused to listen to the appeals of the ultimate consumers of electric light and power in that State—the home owners, the housekeepers, the people who rear the children and pay the taxes of Pennsylvania—but they have sat idly by and let the Power Trust rob the people of that State without a protest, or aided them in so doing, until the present Democratic Governor took office. As I pointed out, the Republicans have been so lenient with the utilities that they have permitted them to acquire and own $100,000,000 worth of the best real estate in Pennsylvania which was absolutely escaping taxation, and that burden was being piled back onto the shoulders of the people of the State when your present Democratic administration came into power.

Mr. RICH. Permit me to make this statement: The Public Service Commission of Pennsylvania is after the Power Trust to cut down their rates so that the people will get the benefit of it. I favor it, and our electric rates have been reduced.

Mr. RANKIN. That is the same old story, Mr. Speaker. It reminds me of the old woman who punished the mole by burying it alive, because it rooted out her vegetables. [Laughter.]

The utilities have controlled your Public Service Commission with the consent of the Republican leaders in Pennsylvania ever since the Republican Party got control of that State more than 50 years ago.

The reductions in light and power rates that have been made in Pennsylvania up to date all came about after the present administration came into power, and they never would have been made if it had not been for the power policies of the Roosevelt administration and the publication of the T. V. A. yardstick rates. The people of Pennsylvania are still overcharged $71,000,000 a year, according to the T. V. A. rates, and their only hope for relief from this terrific burden lies in the reelection of a Democratic administration.

Now, with reference to my statement that under ordinary conditions electric energy can be generated as cheaply by steam as it can by water power, I refer you to page 419 of the report of the Science Advisory Board, published in September 1935. This Board is not political, and it is not partisan. It is composed of leading scientists of the country who are interested in collecting and disseminating scientific information. They answer the gentleman from Pennsylvania [Mr. RICH] in this language:

> As a result of the recent great improvements in furnaces and engines, the low present prices for fuels and the possibility of building the fuel electric plants near the markets for current and yet where fuels can be delivered cheaply, it is commonly less costly to provide electricity by combustion methods than by harnessing water power and building transmission lines.

Every human being in Pennsylvania, if they were treated justly, could be getting light and power at the T. V. A. rates, and you could be producing it with Pennsylvania coal, with Pennsylvania oil, with Pennsylvania gas, or with Pennsylvania waterpower.

Now let us look at the State of Ohio, whose people are overcharged $46,843,000 a year for lights and power. Columbus, the capital city of that State, owns its electric plant and distribution system and is today producing and distributing power for an average of 1 cent per kilowatt-hour, while the rest of the people of the State, buying from private power companies, are paying 8 or 10 cents a kilowatt-hour, and the farmers of Ohio are being denied any electricity at all.

Nearly all the people of Ohio live within the distribution radius of the T. V. A. at Norris Dam and should be getting lights and power at T. V. A. rates. Every farm in Ohio should be electrified at T. V. A. rates.

I have not been deceived as to what this new power policy means. I have seen the ultimate results. In the words of Shakespeare, I have had the "ocular proof." I know that carrying out the power policies of this administration will be one of the greatest blessings that can possibly come to the American people for the next 25, 50, or 100 years. It will brighten the homes and lighten the burdens of millions of our people. It will turn back the tides that have been congesting our cities. It will make farm life pleasant and profitable and attractive. It will keep our young people on the farm where they can live and enjoy life as they should. It will take back to the farms many thousands, yes, hundreds of thousands, of people who have been forced to move to the city because conditions have been such that they have been unable to earn a livelihood on the farm and pay the tariffs and other indirect taxes which Republican administrations have imposed upon them for the last 50 years.

Mr. MAIN. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Michigan.

Mr. MAIN. I know the gentleman is unusually well-informed on this subject, and I would like to know his opinion as to when we can expect a ruling by the Supreme Court on the fundamentals involved in the T. V. A. legislation?

Mr. RANKIN. That has already been done. That was all covered by the recent decision of the Supreme Court in the T. V. A. case. That decision settled, for all time, the right of the Federal Government to build dams on navigable streams to improve navigation, to generate and sell electricity at those dams, or to build transmission lines to carry that power to the point of delivery.

It was a complete and sweeping victory for the T. V. A., for the administration, for the Government, and for the American people, in this great struggle for justice to the consumers of electric light and power. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Mississippi has again expired.

CORRECTION OF THE RECORD

Mr. MONAGHAN. Mr. Speaker, I ask unanimous consent to correct the RECORD. On Wednesday I read into the RECORD a letter. I read now from the rules for publication of the RECORD:

> Rule 3: The Public Printer shall print verbatim a report of the proceedings of debates of the Senate and House of Representatives as furnished by the Official Reporters in the CONGRESSIONAL RECORD in 7½-point type. All matters included in the remarks or speeches of Members of Congress, other than their own words, and all reports, documents, and other matter authorized to be inserted in the RECORD, shall be printed in 6½-point type. All roll calls and lists of pairs shall be printed in 6-point type.

Since the letter which I read was in my "own words", to use the words of the rule "other than their own words", I maintain it should have been in 7½-point.

The SPEAKER. The Chair will state to the gentleman that letters, no matter by whom they are written, are printed in small type. The gentleman from Montana made no request that his letter be printed in any other form of type. That is a matter which rests entirely with the Joint Committee on Printing, and that committee has formulated certain rules, and the Chair assumes that the Public Printer is following the rules as laid down by the Joint Committee on Printing. What is the request of the gentleman?

Mr. MONAGHAN. I ask unanimous consent that the RECORD be corrected and that this letter be reprinted in 7½-point type, inasmuch as aged people are the ones who will read it.

The SPEAKER. The Chair does not think he has a right to even recognize the gentleman to make a unanimous-consent request on that matter, because that is fixed by law.

Mr. O'CONNOR. Mr. Speaker, may I be heard on the matter?

The SPEAKER. The Chair will hear the gentleman.

Mr. O'CONNOR. This question has come up several times covering the Printing Act, and the Speaker should not even recognize a Member, even under unanimous consent, for the purpose of permitting any matter except the gentleman's own remarks to be printed in large type. That situation can only be changed by law.

Mr. MONAGHAN. But it was my own remarks.

The SPEAKER. But it was in the form of a letter and not his own remarks.

Mr. O'CONNOR. Such a unanimous-consent request has been made several times, but the Government Printing Office would pay no attention to it if it were granted by the House under unanimous consent.

Herewith is the law and the rule on the subject:

MOTION TO PRINT IN SPECIAL TYPE IN THE CONGRESSIONAL RECORD NOT IN ORDER

By section 13 of the Printing Act, approved January 12, 1895, Congress specifically delegates to the Joint Committee on Printing absolute power to determine the "arrangement and style" of the CONGRESSIONAL RECORD.

A motion submitted in either branch of Congress to print certain matter in a particular style of type is not in order and should not be entertained by the Presiding Officer for the reason that "it is contrary to the elementary principles of parliamentary law for one branch of Congress to amend, rescind, or vacate a standing order of a committee to whom absolute power to take specific action, exercise complete jurisdiction and full control has been delegated by the joint or concurrent action of the two Houses of Congress. To nullify or amend the action of such a committee requires the same parliamentary procedure as granted the authority."

It would be futile to forward a unanimous-consent request for special type to the Public Printer, because, in view of this law, he is without authority to comply therewith and has been so informed by the Joint Committee on Printing.

Mr. ZIONCHECK. Reserving the right to object, Mr. Speaker, I made a most eloquent plea to have some of my remarks printed in large type, but I could not get it done; so how does the gentleman from Montana expect to get it done?

The SPEAKER. The Chair has already stated that the Chair has no authority to recognize a request of this kind.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 32. Concurrent resolution requesting the President to return to the Senate the enrolled bill (S. 3227) to amend section 3 of the act approved May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 8458) entitled "An act to provide for vacations to Government employees, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BULOW, Mr. MCKELLAR, and Mr. WHITE to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 8459) entitled "An act to standardize sick leave and extend it to all civilian employees", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BULOW, Mr. MCKELLAR, and Mr. WHITE to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 399. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia; and

S. 3035. An act to provide for enforcing the lien of the District of Columbia upon real estate bid off in its name when offered for sale for arrears of taxes and assessments, and for other purposes.

EXEMPTION FROM TAXATION OF CERTAIN ASSETS OF RECONSTRUCTION FINANCE CORPORATION

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 427.

The Clerk read as follows:

House Resolution 427

Resolved, That 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. 11047, a bill relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by Reconstruction Finance Corporation and reaffirming their immunity. That after general debate, which shall be confined to the bill and continue not to exceed 2½ hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, 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. GREENWOOD. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN].

The SPEAKER. The Chair recognizes the gentleman from Indiana.

Mr. GREENWOOD. Mr. Speaker, this resolution for a rule is for the purpose of considering the bill H. R. 11047, pertaining to the taxation of preferred stock of the Reconstruction Finance Corporation by the States.

The act of Congress creating the Reconstruction Finance Corporation exempted the surplus, capital, and reserves from taxation by the States. The reason for this, I take it, was that the Reconstruction Finance Corporation was not a corporation for profit but one that was set up for relief of the various financial institutions and corporations of America during the emergency of the depression. The phrase "preferred stock" was not inserted in the statute. One or two States have attempted to tax the preferred stocks of national banks held by the Reconstruction Finance Corporation. The amount involved, as I understand, is something over $5,000,000.

The Reconstruction Finance Corporation obtained this money from the United States Treasury at 2¾ percent and lent it to the banks to help them in the hour of emergency, to help them liquefy some of their frozen assets, to take care of the situation, at 3½ percent. The three-fourths of 1 percent was necessary to take care of the overhead of management. If the States were permitted to tax this preferred stock, it would mean that the rate of interest must necessarily be made higher, else it would have to be paid out of the Treasury of the United States. National banks were not taxed in the beginning, the Supreme Court holding that they were an agency of the United States Government and that the States should have no power to tax them, because the power to tax is the power to destroy.

In 1868, however, Congress enacted a law which permitted the States to tax the stock of national banks in the hands of individual stockholders; and it was on this general law that the Supreme Court in the Maryland case recently held that the general law prevailed, since the exemption stated in the act creating the Reconstruction Finance Corporation did not mention preferred stock as such but simply mentioned capital, surplus, and reserves. In order to bring this exemption to the Reconstruction Finance Corporation so it can operate at the rate of interest intended, and to relieve the situation, this measure is brought from the Banking and Currency Committee as an emergency measure. It passed the Senate on yesterday. We believe that it is right that this bill should be considered as an emergency measure. The rule is an open rule allowing 2½ hours of debate and all freedom of amendment. So the Rules Committee believe it should have this special consideration as an emergency measure.

All these loans made by the Reconstruction Finance Corporation are for the purpose of relieving the banks in the

local communities, depositors, and everything that is based upon the banking situation. In many instances it has helped banks to continue to operate, to pay deposits, and in the long run to carry on business activity. We cannot believe that a relief measure like this, set up by the United States Government, providing this special relief to banks to furnish them funds, to thaw out their frozen assets, and to continue them as going concerns, a nonprofit agency of the United States Government, should be taxed by the States.

I am not so familiar with the bill, of course, as are the gentlemen from the Banking and Currency Committee, but I have given a sort of general synopsis of the bill.

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

Mr. GREENWOOD. I yield.

Mr. RICH. While the Reconstruction Finance Corporation is doing a good thing so far as banks are concerned, does not the gentleman from Indiana believe it is time we should stop issuing tax-exempt bonds and that we should tax free stock? We must take the first step, we have got to make a beginning.

Mr. GREENWOOD. I think there is a great deal of merit in what the gentleman from Pennsylvania says. In time there may be an amendment to the Constitution or some enactment that will clear the way of these nontaxable securities; but certainly a corporation in which all the stock is owned by the Federal Government, set up as a relief measure, an institution that has helped banks and business through the emergency, is not the right place to begin.

If it is desired to remedy the whole situation, that would be different, but certainly it ought not to be used as a means to line up against this particular measure.

Mr. RICH. That is what I should like to see take place. We should start now and stop tax-free securities, whether it be tax-free stock or tax-free bonds.

Mr. CELLER. Will the gentleman yield?

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

Mr. CELLER. I take it that the gist of the gentleman's argument is—and I agree with the argument—that we should not tax money that has been given to these banks in various sections of the country in order to rescue the depositors in those communities where the banks are located. The gentleman believes it would be wrong to tax that rescue money which is in the form of preferred stock held by the R. F. C.

Mr. GREENWOOD. I thank the gentleman for his contribution. The Federal Government has gone into every community to take care of the poor and the needy, a charge that has always been upon the township, the county, or the municipality, because the local community in many instances had broken down. Many millions of dollars has been spent by the Government for relief. This particular agency has helped the banks to keep open for the benefit of the depositors. Now shall we say that the State is to have the power to place this handicap on a relief agency that was created by the Government for the benefit of the community?

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. Has it come to the gentleman's attention that in a good many instances the R. F. C. has forced banks against their will to sell them preferred stock?

Mr. GREENWOOD. Why, certainly. There are many banks that will not admit they needed this relief; but the banking department of the United States Government laid down the regulations, and the banks cannot and should not be permitted to say that they may not need assistance if the banking department feels they do need it. Banks must maintain a capital structure of one-tenth or more of their deposit liability.

Mr. TAYLOR of Tennessee. I have in mind one little bank in my district that was forced to sell $20,000 worth of preferred stock when it had on deposit over $100,000.

Mr. GREENWOOD. Yes; I know of a similar situation in my district in connection with a bank that owned a lot of real estate that was questionable, and the banking department of the United States Government stated that until they cleared up those assets they should take this loan, and as a matter of safety the banking department held the banks should not be permitted to say whether they wanted to take the loan or not. They must keep their capital structure to satisfy the banking regulations of security and stability.

Mr. TAYLOR of Tennessee. That condition did not exist in connection with the bank to which I referred.

Mr. GREENWOOD. I do not know about the particular situation the gentleman refers to.

Mr. CELLER. In many cases the Federal Reserve banks forced these banks to whittle down their capital structure and then the R. F. C. came in and rescued them by adding to their capital structure by purchase of preferred stock. If it had not been for the R. F. C. and the Federal Reserve Board and banks, the national-bank examiners would have closed the banks up. Thank God for the R. F. C.

Mr. GREENWOOD. We do know that the policies which have been in force recently have placed the banking situation in America on the soundest basis in history. This has been brought about through the assistance of the Federal Government, which proposes strict regulations in order to secure that security, safety, and stability.

Mr. HAINES. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Pennsylvania.

Mr. HAINES. I am seeking information. The gentleman says that the R. F. C. was a nonprofit corporation. As I understand it, they have made profits in excess of $100,000,000 to date.

Mr. GREENWOOD. Of course, they have handled business which amounts to billions of dollars. It may be that some slight profits have accrued in connection with these transactions, but the primary purpose of this organization is not for profit. If the profits have accrued, it is because of the leadership of Mr. Jesse Jones with good management, and if profits have accrued I am glad of it.

Mr. COCHRAN. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Missouri.

Mr. COCHRAN. I have read this bill, and I feel that my question perhaps is unnecessary; but at the same time I think the RECORD should show that during the last week there has been considerable in the newspapers with reference to the high salaries received as a result of appointments secured through the R. F. C. I feel confident there is nothing in this bill that will exempt such salaries from taxation, but I should like to have the gentleman say whether or not I am correct.

Mr. GREENWOOD. I cannot give the gentleman the information he desires; however, there is nothing in this bill affecting taxation of salaries.

Mr. COCHRAN. There is nothing in this bill that would exempt the salaries I refer to from taxation?

Mr. GREENWOOD. No. This bill has nothing to do with that matter.

Mr. FITZPATRICK. Will the gentleman yield?

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

Mr. FITZPATRICK. A good many of the people who borrowed money from these closed banks are now compelled to pay 6-percent interest. What would the gentleman think of reducing the interest rate to those people in order to help them out financially?

Mr. GREENWOOD. It is only 3½ percent at the present time from R. F. C. to the banks.

Mr. FITZPATRICK. No. I referred to the people who borrowed from the closed banks. On this borrowed money they are paying 6-percent interest.

Mr. GREENWOOD. I shall be glad to see the gentleman's constituents or mine borrow money at the lowest possible rate of interest which they may secure. I agree with

the gentleman that interest rates might go down, but it has nothing to do with this bill.

Mr. FITZPATRICK. I am for the bill; but does not the gentleman think it would help out the financial condition of the country if we would lower the interest rate?

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. I assume when the gentleman says that the Reconstruction Finance Corporation is a nonprofit corporation he means that whatever profit may be earned is turned into the United States Treasury or will be turned into the United States Treasury ultimately; therefore there will be no profit to a private individual?

Mr. GREENWOOD. That is right. All the stock of the R. F. C. is owned by the United States Government; so that any profits which may accrue by good management will, of course, accrue to all the people of the United States. The R. F. C. is an agency of the Federal Government.

Mr. CELLER. I understand that when the Treasury lends money to the R. F. C. it charges a rate of 2¾ percent?

Mr. GREENWOOD. The gentleman is correct.

Mr. CELLER. The average rate charged to the banks by the R. F. C. is 3½ percent?

Mr. GREENWOOD. Yes.

Mr. CELLER. That leaves only three-quarters of a percent margin or possible profit, out of which must be paid administration expenses and all possible losses that may result later on. So that if we superimpose upon this situation a tax by the States there will be a deficit?

Mr. GREENWOOD. Yes. There are municipal corporations which charge a tax rate of 4 percent. In some instances there is a State tax and a county tax. Now, if we are going to burden the R. F. C. with these various taxes, they will not be able to lend the money at 3½ percent.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Michigan?

Mr. BROWN of Michigan. May I say to the gentleman from New York that a member of the committee proposes to offer an amendment which meets with the approval of the R. F. C., which will clear up the situation regarding loans held by these banks, the reduction of those loans being the object in mind.

Mr. FITZPATRICK. I thank the gentleman.

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

Mr. GREENWOOD. I yield.

Mr. WHITE. The R. F. C. operates entirely on money that is secured through the proceeds of the sale of tax-exempt securities.

Mr. GREENWOOD. It obtains its money from the United States Treasury.

Mr. WHITE. Does the R. F. C. receive any money that does not come in that way?

Mr. GREENWOOD. It all comes from the United States Treasury, whatever the source may be.

Mr. WHITE. It is money received from the sale of tax-exempt securities.

Mr. GREENWOOD. And from other sources as well. It is not alone money from bonds that are issued but from general funds in the Treasury.

Mr. GRAY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. GRAY of Pennsylvania. I should like for the gentleman to explain whether there is any difference in principle in these two situations. This is Federal money loaned to business institutions. They sell their stock to the R. F. C., and now you want to exempt this stock from taxation by the States.

Mr. GREENWOOD. That is right.

Mr. GRAY of Pennsylvania. Now, the Home Owners' Loan lends money on a home and takes a mortgage, but you do not ask to exempt such property covered by mortgage from local taxes.

Mr. GREENWOOD. I do not think the cases are at all analogous. One is real estate located in a community which is subject to all the privileges of the community, and is not property of the Government, but belongs to an individual. This bill does not prevent the State from levying a tax against the stock of the individual stockholders, and some of this stock is held by individuals and even at a higher rate of interest than the Government rate.

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

Mr. GREENWOOD. Yes.

Mr. PATMAN. Is not the gentleman mistaken in saying that this will not prevent the State from levying a tax on the stockholders? That is just what the bill is intended to do in preventing the States from levying a tax on one of the stockholders.

Mr. GREENWOOD. Only the stock held by the Reconstruction Finance Corporation as a stockholder.

Mr. PATMAN. That is what I say. Therefore, this bill denies them the privilege of levying a tax on a stockholder, if that stockholder is the R. F. C.

Mr. GREENWOOD. Because that stockholder has come to the relief of that bank as a relief agency of the United States Government.

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

Mr. GREENWOOD. I yield.

Mr. GOLDSBOROUGH. As a matter of fact, this is all stock owned by the Reconstruction Finance Corporation, which is really the Government, and is a loan to the bank.

Mr. GREENWOOD. At three and a half percent interest.

Mr. GOLDSBOROUGH. And for that reason it is not properly taxable anyhow in equity, and there is another thing involved. It is not taking anything from the community that is taxable, because the community never had this preferred stock prior to the purchase of it by the Reconstruction Finance Corporation, and therefore we are not taking anything away from the community.

Mr. GREENWOOD. That is true, and let me say further that while the preferred stock goes out to the Reconstruction Finance Corporation the same amount of money comes into that bank subject to local taxation.

Mr. CELLER. Mr. Speaker, will the gentleman yield for a brief question?

Mr. GREENWOOD. I yield.

Mr. CELLER. As I understand it, at the present time there is a discrimination in the sense that 17 States actually do not tax the preferred stock held by the R. F. C. The others do in some form. This bill would remove that discrimination and put all States upon a parity in the sense that no State would have the right to do that.

Mr. GREENWOOD. Yes.

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

Mr. GREENWOOD. I yield to the gentleman from Kentucky.

Mr. MAY. As I understand it, this bill is the result of the recent decision of the Supreme Court, which held that preferred stock owned by the Reconstruction Finance Corporation in banks, particularly one in Maryland, was subject to State taxation.

Mr. GREENWOOD. That is right.

Mr. MAY. Let me ask the gentleman if we are not getting on rather thin ice and treading upon dangerous ground to this extent. If we exempt the preferred stock held by the R. F. C. from State taxation, will not that immediately lead to a construction of this act or a ruling by the courts or the enactment of a supplemental act or an amendment of this act that will take out of taxation in the States all of the loans that the Reconstruction Finance Corporation has made to industrial concerns?

Mr. GREENWOOD. That does not follow at all, because Congress is in a position to handle that proposition. This is simply supplementing what was supposed to have been done in the original act. When the Reconstruction Finance Corporation was created by act of Congress, it made exempt from taxation all surplus reserves and capital, because it was

a non-profit-making corporation or agency of the Federal Government intended to extend relief. Now, the Supreme Court says we did not mention in that act preferred stock. We thought we made the language broad enough to exempt the R. F. C. from all State taxation, but we did not do that. The Supreme Court went back to a former statute, and under general law held that this preferred stock was taxable. Now we are correcting the act and doing what we supposed we had done in the enactment of the original act.

Mr. MAY. Then the original act does exempt all other assets of the R. F. C. from State taxation except preferred stocks in banks?

Mr. GREENWOOD. No; debentures and other securities of that sort not specifically mentioned are not exempt, but were intended to be exempt. This bill will cure the defect and make all holdings of R. F. C. exempt from taxation by the States.

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

Mr. GREENWOOD. I yield.

Mr. WHITE. Is it not a fact that when the R. F. C. was created it was authorized to issue bonds and sell them to raise money to operate on?

Mr. GREENWOOD. I cannot tell the gentleman about that. I know it gets its money from the United States Treasury.

Mr. WHITE. Does it not get its money from the United States Treasury from the sale of its own bonds?

Mr. GREENWOOD. It may be through the sale of its own bonds, but the United States Treasury owns the R. F. C., because all the stock is held by the United States.

Mr. WHITE. But it is a separate entity and sells its bonds to raise the money to operate on, and those bonds are tax-exempt.

Mr. GREENWOOD. That may be.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Is this stock held by the R. F. C. as collateral or does it actually own the stock?

Mr. GREENWOOD. They own the stock and have paid the money into the bank for it.

Mr. O'MALLEY. They have bought the stock and paid the money to the banks?

Mr. GREENWOOD. Yes; but the banks are paying off these loans. They are given the privilege of paying this loan off as the situation clears up, and many of the banks have paid off all their loans as the stability of the bank is restored and liquid conditions are established. They are encouraged to pay them off.

Mr. O'MALLEY. In other words, as they pay off their loans they are in actuality buying back the stock?

Mr. GREENWOOD. That is right.

If it is not covered by collateral, I can see that it ought not to be taxed, but if it is you deprive the State of revenue. Mr. Chairman, I reserve the remainder of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, it is not my purpose to oppose the rule. In many ways I am glad the subject is before us. I think it is time Members of Congress begin to think of the wealth removed from taxation by tax-exempt securities. It is true this is a small matter as far as tax money is concerned—I believe it only represents taxes aggregating five and a half million dollars.

But we must keep in mind, as the Reconstruction Finance Corporation increases its holdings in banks, railroads, and insurance companies, the home-loan banks take title to hundreds of thousands of houses, the Farm Board acquires farms, the Resettlement Corporation forsakes property, a vast amount of property will become tax exempt if we continue this theory. These developments of recent days make the action we are to take today very important.

The gentleman from Illinois [Mr. KELLER] said yesterday we would soon tax the people with $600 incomes. Because of the threat of burdensome taxes, we must stop and think about these tax-exempt securities.

Someone said this was money paid out to relieve distress. I agree to that; of course it was money to relieve distress. All the money being expended to put the Government in business would qualify the same way. The home-owners' loans were distressed loans, and yet no one has come forward to have the interest reduced to 3½ percent.

Mr. ZIONCHECK. I have been advocating that right along.

Mr. MARTIN of Massachusetts. I meant to say no bill to give this relief has been reported to the House.

We must not forget, either, a good deal of this preferred stock is privately owned. Why should the Reconstruction Finance Corporation be relieved of the tax and the man who put his money in to help his community be assessed? This is not quite fair. If the Government needs more than 3½-percent interest to cover expenses, it is up to the Reconstruction Finance Corporation to secure a larger loan rate from the banks.

After all, the banks will, for the most part, eventually become liquid and could pay a reasonable rate of interest to the Government.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. ZIONCHECK. Does not the gentleman think as long as the Government, through the Reconstruction Finance Corporation, is interfering in private business it should be treated as a private institution dealing with private matters?

Mr. MARTIN of Massachusetts. I go further than the gentleman. I believe if the Government of the United States is to go into the field of business activities, then the Government must expect to be subject to all of the laws of the different States, including the law of taxation.

Mr. CELLER. Will the gentleman say that even when the banks are rescued, and therefore the depositors and the entire community where the bank is located is saved from the closing of that bank, that under those circumstances that rescue money should be taxed?

Mr. MARTIN of Massachusetts. We are not taxing the rescue money. The Government loaned the money to put the bank into a solvent condition, and when the bank gets into a solvent condition it should expect to pay adequate taxes or interest just as well as a home owner.

Mr. CELLER. This bill seeks to relieve an instrumentality of the Federal Government of the payment of taxes.

Mr. MARTIN of Massachusetts. It is trying to make the Reconstruction Finance Corporation able to make a better showing. If the Reconstruction Finance Corporation were fair to the taxpayers of the country, it would have secured an adequate interest when it loaned this money. Of course, if a bank could not pay at the time, they should have been tolerant, but when the bank is solvent, when there are surpluses in the bank, the Government should be adequately compensated.

Mr. PETTENGILL. And if this bill passes, will it not be the objective of the banks in the future to never retire their preferred stock and pay off the R. F. C., and thus keep the Government in the banking business in perpetuity?

Mr. MARTIN of Massachusetts. It might have that purpose. Private banks, like everyone else, want to get cheap money, and if they can get it from the Government, I do not blame them. I do not blame the bankers. Our responsibility is here to protect the Treasury of the United States and also to give protection to private industry in this country.

Mr. CELLER. The gentleman from Indiana [Mr. PETTENGILL] says that if we pass this bill the banks will have a tendency to have the Government hold these preferred stocks. That is not so. The Government can sell them. The R. F. C. does not have to hold them. It can put the stocks on the market and sell them at any time it wishes.

Mr. PETTENGILL. But who would buy them?

Mr. CHRISTIANSON. And does not the gentleman believe it would be a good thing if it did dispose of the preferred stock as soon as it could find private individuals to buy that stock?

Mr. CELLER. I think the Government will do that suitably. In the case of the Chase National Bank, that bank borrowed a large sum of money, and I believe if the Chase

National Bank refuses to pay back that money to the R. F. C. the R. F. C. should sell that preferred stock, if it can, and refuse to hold the preferred stock of the Chase National Bank.

Mr. ZIONCHECK. And does not the gentleman take the position that the Government should either get out of the banking business, or get into it wholly and nationalize the banks?

Mr. MARTIN of Massachusetts. I do not believe in the Government nationalizing the banks.

Mr. ZIONCHECK. I do; but I do not believe in going in there and bailing them out, taking all the responsibility, and letting the private bankers take the profits.

Mr. GRAY of Pennsylvania. Does the gentleman have any figures on how much stock is in the hands of the Reconstruction Finance Corporation and how many mortgages have been taken on home-loan property which the Government has at the present time?

Mr. MARTIN of Massachusetts. I am sorry to say I have no figures of that character. Within 5 years, if I do not miss my guess, every Member of Congress will find his local community aroused over Government tax exemption and will be emphasizing the need of doing something to prevent what we are asked to extend at the present time. The real question before us is this: We have been talking about tax-exempt securities; we have been lamenting the organization of the House will not permit legislation to come forward to remove some of these exemptions. Now we are asked to increase the money which escapes taxation. Any Member who believes in bringing back some of this wealth into taxation might very well vote against this measure.

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

Mr. MARTIN of Massachusetts. Yes.

Mr. HEALEY. Does the gentleman believe that the object of this bill is to exempt the R. F. C. from State taxation, so that it can make the interest charge less to the banks?

Mr. MARTIN of Massachusetts. I would not want to say that. I want to be fair with the Corporation. I believe, however, they made these loans and that some of them are unwise, insofar as the rate of interest is concerned.

Mr. ZIONCHECK. What was the rate of interest?

Mr. MARTIN of Massachusetts. Three and a half percent.

Mr. FIESINGER. And as I understand the gentleman's position, he is against the bill, and believes that the preferred stock ought to be taxed in the hands of the Reconstruction Finance Corporation.

Mr. MARTIN of Massachusetts. Yes.

Mr. FIESINGER. And then they would charge a higher rate of interest to the bank, to absorb the tax, and the banks, in fact, would be the ones that would pay, and not the Reconstruction Finance Corporation.

Mr. MARTIN of Massachusetts. That is the way it should be done.

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

Mr. MARTIN of Massachusetts. Yes.

Mr. MAY. As a matter of fact, when this preferred stock is made nontaxable it becomes more marketable. Then the R. F. C. may find it convenient to dispose of the entire holdings to the larger banks in the country, say to Wall Street banks, if you wish, and then they will own a club over the heads of the little banks in the country, and it might result ultimately in a large chain of large banks controlling all of the little banks.

Mr. MARTIN of Massachusetts. I do not know about that, but Senator COUZENS put a statement in the RECORD yesterday whereby one bank had the value of its shares raised from $24 to over $100 because the Government bought the preferred stock. That being the case, there is no reason in the world why a bank should not pay a higher rate of interest for the money that was borrowed.

Mr. SPENCE. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. SPENCE. The gentleman says this might be a refuge for those seeking tax-exempt investments.

Mr. MARTIN of Massachusetts. No. I did not make that statement.

Mr. SPENCE. I so understood the gentleman. I just want to call the attention of the House to the fact that if these securities are in the hands of private individuals they are not tax-exempt. They are only tax-exempt when held by the Government in an agency that is exercising a governmental function and is attempting to save the banks of the country.

Mr. MARTIN of Massachusetts. Well, does the gentleman think that is fair?

Mr. SPENCE. I think it is.

Mr. PETTENGILL. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. PETTENGILL. Is it possible that anybody would buy these preferred stocks at 3½ percent if they were to immediately become subject to taxation?

Mr. MARTIN of Massachusetts. The 3½ percent does not apply to the interest rate on the shares. That is the rate which the Government charges the banks for the money.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. FITZPATRICK. Would the gentleman favor an amendment that would lower the interest rates to the people who borrowed from the closed banks?

Mr. MARTIN of Massachusetts. I do not know that we could do anything of that character on a bill like this.

Mr. FITZPATRICK. I think it is proper to offer an amendment that they could only be charged a certain amount.

Mr. MARTIN of Massachusetts. Does the gentleman think it would be germane? We want to do everything in a parliamentary way.

Mr. FITZPATRICK. Well, that is something for the Speaker to decide.

Mr. MARTIN of Massachusetts. The gentleman brought up the question, and he must have given some thought to it, and he ought to be able to answer it.

Mr. FITZPATRICK. I am asking the gentleman if he would favor such a thing, to reduce the interest rate to the borrower from the banks.

Mr. MARTIN of Massachusetts. I do not know what the situation is, but I would be glad to give it consideration.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. ZIONCHECK. The position of the gentleman from New York [Mr. FITZPATRICK] is absurd, to say that we could limit the amount that these banks could charge by way of interest to the borrowers, unless it referred to future loans. It could not refer to past loans.

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the balance of my time.

Mr. GREENWOOD. Mr. Speaker, I yield 9 minutes to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Speaker and Members of the House, I think we all understand that this bill proposes to remove from taxation the stock held by the Reconstruction Finance Corporation in the national banks. That is what this bill provides. There is not any question but what we all agree to this proposition, that if it were not for the fact that the Congress, by section 5219, permitted State legislatures to impose a tax upon all national-bank stock, this stock would not be subject to taxation. There is not any question about that. The decision which was recently rendered by the Supreme Court assumed that the Reconstruction Finance Corporation is an instrumentality and agency of the Government, and therefore, not subject to taxation. It is because of the waiver of immunity which we granted in the section of the National Bank Act that this preferred stock owned by R. F. C is subject to taxation at all. This bill simply seeks to remove that privilege or that license which has been granted to the States. The attorneys general of practically all of the States of the country and some of the district courts have assumed that the original act, which created the Reconstruction Finance Corporation, intended to have its property exempt from taxation. On that theory the Reconstruction Finance Corporation has carried on, and has re-

duced the interest on the preferred stock to the banks of this country to 3½ percent. If we permit the States to tax these preferred stocks, what will it mean? I would like to introduce a statement showing as nearly as can be ascertained the various tax rates throughout this country on bank stocks.

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

There was no objection.

Mr. WILLIAMS. This statement shows that the tax rate on national-bank stock varies from two-tenths of 1 percent to over 10 percent in the various States.

Mr. ZIONCHECK. Will the gentleman yield for a question right there?

Mr. WILLIAMS. I yield.

Mr. ZIONCHECK. Why is it that you loan to the banks at 3½ percent, and when you come to the farmers and others it is 5½ percent or better?

Mr. WILLIAMS. You are loaning now at 3½ percent to the farmers, as far as that is concerned; but I do not propose to be diverted from a discussion of this bill. The Reconstruction Finance Corporation came in as an emergency measure. All of the banks of this country that were in distress appealed to that institution. The corporation did not go into the various localities and communities of this country and say, "Here we are ready to loan you money." It was upon the appeal that was made by stockholders and officers and depositors of banks in every congressional district throughout this country. It was necessary for the Reconstruction Finance Corporation to come to the aid of the banks and in order to permit them to carry on, reduced this rate to 3½-percent interest. Now, if we are going to permit the taxation of these securities, as will be shown by the list which I have asked permission to introduce, that rate will range as high as 10 percent in some of the States in this country. In my own State over 3 percent, which would absolutely tax out of existence the Reconstruction Finance Corporation.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. ZIONCHECK. What agency gives the farmers money at 3½-percent interest?

Mr. WILLIAMS. I am not going to discuss that question now. There is no question but what the farmer, on Federal land-bank loans, is getting money at 3½-percent interest. If the gentleman does not know that, he is sadly behind with the legislation that has been enacted here.

Mr. ZIONCHECK. Well, I do not represent a farmer district.

Mr. WILLIAMS. There is not any question about that.

But there is another proposition. There are $860,000,000, in round numbers, involved in this legislation so far as taxation is concerned. Half of that is invested in capital notes and debentures of State banks.

I want you to think about this: Half of that money is invested in capital notes and debentures of State banks. I want to know now if there is a man on this floor who believes that this investment is subject to taxation by the States? This is property owned by the Reconstruction Finance Corporation as an agency and instrumentality of government, and beyond any quesion it is not subject to taxation. This represents the investment of the Reconstruction Finance Corporation in the State banks of this country. You cannot reach that, yet opponents of this legislation propose to tax the preferred stock in national banks held by the Reconstruction Finance Corporation. There is not any more unjust discrimination imaginable than that. You cannot exempt—this legislation does not propose to exempt—it is not necessary to exempt those capital notes and debentures from taxation, because the State cannot tax them; yet you would have the preferred stock in the national banks subject to taxation.

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

Mr. WILLIAMS. I yield.

Mr. PIERCE. Cannot the gentleman see the danger of piling up this vast quantity of tax-exempt securities and property? Many a government has fallen on this rock.

Mr. WILLIAMS. No; I cannot at all, I may say to the gentleman from Oregon. I am not one of those who believes in submitting the national securities and the national property to taxation by the various State agencies and municipalities, the school districts, the road districts, the drainage districts, and every other subdivision of a State. If you do that you are going to tax out of existence national securities and absolutely cripple and destroy the national credit of this country. If you are going to open and throw down the bars to local taxation of national securities and property, then, in my judgment, you absolutely cripple and destroy national credit and national security.

Mr. PIERCE. Mr. Speaker, will the gentleman yield further?

Mr. WILLIAMS. I yield.

Mr. PIERCE. Can the gentleman see any justice in the Federal Government going into counties and other subdivisions of State governments and buying half the land for forests and duck nests as they have done in my State?

Mr. WILLIAMS. Yes.

Mr. PIERCE. Taking large percentages of counties, exempting them, and ruining school districts?

Mr. WILLIAMS. I can justify it. They are doing it in my State. I can justify it, because the ultimate income to the counties will be infinitely more than they are receiving now.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

BANKERS' BONUS BILL

Mr. PATMAN. Mr. Speaker, this bill will take off the tax rolls of the cities, the counties, and the States at least $229,000,000 of property that would otherwise be taxable and would otherwise be on the tax roll. I hope the Members have read my full statement appearing in the RECORD, on page 2339, my remarks of February 18, 1936.

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

Mr. PATMAN. I yield to the gentleman.

Mr. GOLDSBOROUGH. I may say that it will not take one single, solitary copper cent, and I will show that in my statement.

Mr. PATMAN. I may state to the gentleman that the Reconstruction Finance Corporation says it will. If the gentleman will examine my remarks of February 18 appearing at page 2339 of the CONGRESSIONAL RECORD he will find information furnished me by an official of the Reconstruction Finance Corporation. This statement also discloses the many benefits now received by the banks of the Nation.

Mr. GOLDSBOROUGH. I shall endeavor to show the facts when I make my statement.

Mr. PATMAN. There is no question about it in my mind. If this statement is not correct, the chairman of this committee can get a correct statement from the Reconstruction Finance Corporation. Why does he not? The truth of it is it will take property from the tax rolls or this bill would not be necessary. Why are you coming here asking for this exemption if it does not take any property from the tax rolls?

I cannot see any occasion for this if the chairman is right. The truth about the business is, Mr. Speaker, that this is a bad precedent. It is the first time Congress has ever been called upon to vote singly and alone for or against this bad precedent. It is a bad precedent.

Mr. FORD of California. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I cannot yield to the gentleman; I have only 5 minutes.

Mr. Speaker, let us see what this will do. In the first place, the national banks sell their stock to the Reconstruction Finance Corporation. Let us say the bank is capitalized for $500,000. It sells half the stock to the Reconstruction Finance Corporation and pays 3½ percent where formerly it was paying a 10-percent dividend on it. Thus on this stock, on this one transaction, it is saving $16,250 a year. The other holders

of preferred stock must pay taxes, but not the Reconstruction Finance Corporation.

Who is helped by this legislation? I will tell you who is helped, the banks are helped. Are they in the class with the needy and the helpless? Are they on direct relief? Are they in the position where we must take Government funds and dole them out to the banks to help them? If so, I am one Member of this House who would like to know the names of such banks, and I would like to know how much these banks are going to get, and I would like to know how worthy and deserving these banks are. This information is available and I wish the chairman of the Committee on Banking and Currency would put it in the CONGRESSIONAL RECORD tonight. I wish he would show the names of the banks, and show even the salaries received by some of the officials of these banks that are getting this direct relief, Government dole, benefit, subsidy, or whatever you want to call it. Put this information in the RECORD, let us see who is going to get it, let us see how deserving they are, let us see whether or not we should take this local property from the local tax rolls.

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

Mr. PATMAN. Briefly.

Mr. SPENCE. Did I understand the gentleman to say that these banks had been compelled to reduce their common stock?

Mr. PATMAN. I did not mention common stock, I may say to the gentleman.

Mr. Speaker, here is the situation: If you had a hundred acres of land in a State and the R. F. C. owned half of that land, and a bill were to be introduced which would make the R. F. C. half of the land tax exempt but would cause you to pay taxes on yours, would that be right? It would not be right. Suppose a Federal land bank holds a lien equal to half the value of your farm land. The Federal land bank is charging you 3½-percent interest. In order to put you in the same position that you will place the bank if you pass this bill, you would exempt that farm from half its taxes. I think the bill ought to be defeated.

[Here the gavel fell.]

The SPEAKER. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. ZIONCHECK) there were—ayes 69, noes 52.

So the resolution was agreed to.

Mr. GOLDSBOROUGH. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 11047) relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by Reconstruction Finance Corporation, and reaffirming their immunity.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 11047, with Mr. THOMASON in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. HOLLISTER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, there are a number of misconceptions with respect to this bill. I shall try to touch on them briefly.

In the first place, it is stated that the exemption of the stock of national banks held by the R. F. C. is an entering wedge toward the exemption of additional property which would otherwise be taxable by the States or by the local communities. It should be pointed out that there is no analogy between the taxation of property of this kind, as held by the R. F. C., and taxation, we shall say, of the various properties which are held by the Home Owners' Loan Corporation, or properties which, perhaps, the Resettlement Administration may have bought to organize some of their so-called satellite cities. In every case of that kind where an instrumentality of the Government or a branch of the Government or some subsidiary corporation of the Government acquires real estate, if it should be exempted from taxation, there is, of course, taken from the tax list property which was taxed prior to that time.

In every case where the stock in national banks is acquired by the Reconstruction Finance Corporation through the money which the Corporation has put into these banks there is created new property which was not prior to that time subject to taxation. This is a very essential difference. In other words, there is no inroad here on the revenue of the community. This bill merely provides that when the Reconstruction Finance Corporation, which is doing a rescue mission with banks, railroads, insurance companies and other organizations, puts money into these banks it shall not be taxable. True, there has been property added which might otherwise be taxable in the community, but this law will not remove from the tax list any property which previous to that time was taxable.

Let me point this out, too: The Reconstruction Finance Corporation's ownings of stock in railroads, in insurance companies, or in other corporations in which it may have invested are nontaxable, because, of course, they are personal property held outside the various States where they may have been bought. They are held at the headquarters of the Reconstruction Finance Corporation. Therefore, the money that the Reconstruction Finance Corporation can put into organizations of that kind can be on a lower rate. Yet when it comes to the placing of money in bank stocks, because of the peculiarity of the laws taxing bank stocks throughout the country, unless this law is passed, such money would be subject to taxation.

So this bill really accomplishes an equality in the rescue mission which the Reconstruction Finance Corporation can put on.

Let me point this out, too: The purpose, of course, of a tax is to raise money to be spent in the State or the community where it is raised. The purpose of the Reconstruction Finance Corporation in acquiring stock in banks is for the benefit of the community where the bank is situated. So this very money which is going to benefit the particular community might very properly, as a matter of principle, be exempted from taxation in the community which is benefited.

Mr. PETTENGILL. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. PETTENGILL. Is it the gentleman's judgment, or is it not, that if this bill becomes a law it will encourage the banks not to retire the preferred stock in the Reconstruction Finance Corporation but lead to the Government in banking?

Mr. HOLLISTER. I doubt that very much.

Mr. CELLER. Will the gentleman yield?

Mr. HOLLISTER. Let me answer that question. From what I have been able to judge, the banks are anxious to retire the preferred stock in the Reconstruction Finance Corporation. It is true that if the bank has preferred stock on which it is paying 5- or 6-percent interest and preferred stock on which it is paying 3- or 4-percent interest, they would retire first the stock on which they are paying the higher interest.

Mr. CELLER. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. CELLER. I will say that every agreement that the Reconstruction Finance Corporation has made for the purchase of preferred stock carries a clause that the bank must retire the preferred stock at not less an amount than 5 percent. This would retire the preferred stock in 20 years. In addition, all dividends above 3½ percent is required to be put in a fund to be used to accelerate retirement of the preferred stock.

Mr. ANDRESEN. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. ANDRESEN. Can the gentleman give us the information as to how it will affect the small banks? For illustration, here is a bank with $200,000 capital. It pays no dividends. It has been prevailed upon to take half of its capital stock in preferred stock of the R. F. C. Therefore

they acquire $100,000 in money or stock. What will be the effect on that institution if this bill goes through?

Mr. HOLLISTER. I do not quite understand the gentleman's question. There is no case where there was any exchange. The only reason the R. F. C. put money in any bank is because the capital of the bank was insufficient, and the neighborhood was not able to raise money enough to increase it.

Mr. ANDRESEN. A good many banks were compelled to subscribe for stock in the R. F. C.

Mr. HOLLISTER. That is correct, but that was because the banking authorities thought the capital stock insufficient.

Mr. ANDRESEN. No; it was not, because they had sufficient money and sufficient capital.

Mr. HOLLISTER. I must beg to differ with the gentleman. The banking authorities have no right to compel a bank to go out and get additional capital.

Mr. ANDRESEN. They were good sports.

Mr. HOLLISTER. They could not compel them. In some communities, in order that certain banks may not appear to be weaker than so-called stronger banks, the request was made that the stronger banks take preferred stock, and in almost every case these so-called stronger banks have paid it back. In a great many cases where the general advertisement was given out by the stronger banks that they did not want that stock, as a matter of fact they really did.

Mr. ANDRESEN. They had no outlet for their money whatsoever except in Government securities, and when they took this amount of stock the R. F. C. took half the stock and they took the right to come in and control that bank and run the bank if the local officers did not cooperate.

Mr. HOLLISTER. The ownership of stock gives that right to some extent.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. CRAWFORD. If this law is not passed, will the R. F. C. be forced to pay these taxes out of their own funds?

Mr. HOLLISTER. Yes.

Mr. CRAWFORD. One other question.

Mr. HOLLISTER. That is my understanding. If the gentleman thinks the law is not accurate in that respect, he should clarify it, because my understanding is that this is to cover the situation where, if it is not passed, the R. F. C. would have to pay the taxes itself.

Mr. LAMBETH. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. LAMBETH. Confirming the answer the gentleman from Ohio [Mr. HOLLISTER] gave to the gentleman from Minnesota [Mr. ANDRESEN], it is a matter of my personal knowledge that in the State of North Carolina not only was there no compulsion by the R. F. C. to force banks to sell preferred stock but in some cases that I know of they were not even circularized or requested to sell their preferred stock to the R. F. C.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. GRISWOLD. I understood the gentleman to say that this bill would equalize the banks with the railroads and the insurance companies, to which money was loaned by the Reconstruction Finance Corporation.

Mr. HOLLISTER. To some extent. I do not know the exact rates on which the different loans were made. Some were made at a little higher rate than others.

Mr. GRISWOLD. The gentleman said, for instance, that the railroads did not pay the taxes back in the States.

Mr. HOLLISTER. No; I did not. I said the stock in the railroads when held by the R. F. C. was not taxable.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HOLLISTER. Mr. Chairman, I yield myself 10 minutes additional.

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

Mr. HOLLISTER. Yes.

Mr. SNELL. As a practical proposition, just how are these taxes levied at the present time, and who is paying them?

Mr. HOLLISTER. I could not in several hours give the gentleman a complete description of all of the different tax laws. There are about 30 States that have tax laws which would be covered by this. In those cases the tax is levied by the State against the bank, and the bank has the right to pass it on to the stockholder, deducting it from the dividend that the bank pays. Therefore, when the Reconstruction Finance Corporation holds a 3½-percent preferred stock, and there is, we will say, a 1-percent tax on the par value of the stock levied by the State, the Reconstruction Finance Corporation nets only 2½ percent, and if, in turn, it has borrowed from the Treasury at 2½ percent, it has nothing on which it can operate ,and therefore runs behind to the extent of the operation cost.

Mr. SNELL. And where they get 5-percent preferred stock, why should it not pay the tax upon it?

Mr. HOLLISTER. As far as I know, they do not own any 5-percent stock.

Mr. SNELL. There is some in my own community.

Mr. HOLLISTER. I think if the gentleman will check up he will find that all of these rates have been dropped down. I think in all cases they are 3½ percent.

Mr. SNELL. Why should there be any difference between the preferred stock owned by the R. F. C. and the local people who were forced to take that stock?

Mr. HOLLISTER. It is just a question of what is meant by the word "forced." My understanding of the operation of the R. F. C. in helping out the banks is that it merely stepped in when the resources of the community were insufficient to carry on. It went to help out the community and keep its banks open. That is the general rule. There may have been exceptions.

Mr. SNELL. But they took 50 percent of the stock and the community took 50 percent of the stock. I do not see why they should not pay their tax the same as the individuals.

Mr. HOLLISTER. The gentleman realizes, of course, that the Congress could not exempt an individual bank-stock holder, except perhaps another national bank. It is true the Congress could exempt the stock of all national banks, if it cared to do so, from taxation.

Mr. SNELL. Of course it could; but I would not be in favor of that.

Mr. HOLLISTER. In this case we are exempting the Reconstruction Finance Corporation because of the fact that we want to put Federal money in there as cheaply as we can.

Mr. SNELL. I do not want to do anything that is going to encourage them to keep their control over the banks of the country.

Mr. HOLLISTER. I agree with the gentleman fully. I do not, either.

Mr. SNELL. I think if we pass this law it might encourage them to keep in there and keep control of the bank stock.

Mr. HOLLISTER. Except that the banks may always pay up this stock. There is no way by which the Reconstruction Finance Corporation can compel them to keep the stock if they want to pay for it.

Mr. SNELL. There seems to be some difference of opinion on that. A great many people tell me they want to retire this stock and they are not allowed to do so.

Mr. HOLLISTER. But it is not the Reconstruction Finance Corporation that does not allow them to do it. It is the bank examiner that does not allow it.

Mr. SNELL. But they are pretty close together and working in unity in most cases, I think.

Mr. DONDERO. Will the gentleman yield?

Mr. HOLLISTER. I yield to the gentleman from Michigan.

Mr. DONDERO. A reading of the bill indicates that no part of this preferred stock ever gets into the hands of the individual. It is always owned by the Government.

Mr. HOLLISTER. If it gets into the hands of an individual, it immediately becomes taxable. It is true the Reconstruction Finance Corporation may sell it to individuals, but it immediately becomes taxable if it does.

Mr. DONDERO. If that is so, the preferred stock which the Reconstruction Finance Corporation takes in a bank is virtually a loan to that community, is it not?

Mr. HOLLISTER. It is practically what it comes to.

Mr. CRAWFORD. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. CRAWFORD. In the light of what the gentleman said to our distinguished minority leader, is there anything in the machinery at the present time whereby the Reconstruction Finance Corporation can force the banks to pay these taxes and thus not pass them on to the Reconstruction Finance Corporation? In other words, if a State assesses a bank and the bank in turn withholds from the stockholder, will the banks have to pay this under that kind of a program?

Mr. HOLLISTER. If the banks pay the tax and then have the right to deduct it from the income, and just deduct it, what can the Reconstruction Finance Corporation do?

Mr. CRAWFORD. I am asking for information. I thought perhaps the gentleman could give us an answer.

Mr. HOLLISTER. I do not see how the Reconstruction Finance Corporation can do anything about it.

Mr. CELLER. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. CELLER. Even if the Reconstruction Finance Corporation could do that—that is, force a bank to pay that tax which it is supposed to pay on the preferred stock—what does the gentleman think the common-stock holders are going to say? They will preclude them from doing it, will they not? Their dividends and income would be thus reduced.

Mr. CRAWFORD. If I might add this, at the present time in a number of banks, some that I know intimately, the common-stock holder is not receiving any dividend at all, because the earnings are going to the payment of dividends on preferred stock and the creation of this fund with which to retire the preferred stock.

Mr. CELLER. The amount is very small. It is only 3½ percent.

Mr. CRAWFORD. That is true; but the preferred-stock holder gets first call, and if the earnings are only 4 percent on the total, the preferred-stock holder gets 3½ percent first.

Mr. CELLER. But if it were not for the money put in by the Reconstruction Finance Corporation, the common-stock holders would have had nothing in the first instance. This is rescue money.

Mr. CRAWFORD. But this is a new bank I am speaking of.

Mr. HOLLISTER. Mr. Chairman, before closing, I want to make one more observation. This discussion of tax-exempt securities and the likening of this kind of stock to tax-exempt securities is entirely beside the question. This is nothing like the sale of tax-exempt securities by the Government to private individuals. There is no analogy between the two. All the argument against the sale of additional tax-exempt securities falls with respect to these particular stocks.

I yield back the balance of my time.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

WHO WILL GET THE MONEY

Mr. PATMAN. Mr. Chairman, before my time commences I would like to ask unanimous consent that I may extend my own remarks and include therein the names of all banks that will be affected by this legislation, and the salaries of all officials, directors, and officers; the amount of dividends that have been paid since this stock was purchased by the Reconstruction Finance Corporation; and the value of the assets of the bank at the time of the purchase as compared with now.

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

There was no objection.

NO ATTACK ON R. F. C.

Mr. PATMAN. Mr. Chairman, I appreciate the fact that the officials of the Reconstruction Finance Corporation dislike very much to pay this money to the localities.

This is not an attack by me on the Reconstruction Finance Corporation. There is nothing personal in it. It is just a question of a precedent that I am not willing to establish with my vote. I realize that the Chairman of the Reconstruction Finance Corporation, Mr. Jesse Jones, has done a big job in a big way. I commend him for his efforts and what he has done. There is nothing personal in what I say in any way, but at the same time I do not care how much I think of Mr. Jones and the other directors of the Reconstruction Finance Corporation, I am not going to vote for the precedent that is contained in this bill. I think it is bad. I think it is a long step in the wrong direction. I think it is adding to instead of diminishing the amount of tax-exempt securities in this country, and for that reason I am not willing to go along. [Applause.]

WILL WASHINGTON DETERMINE LOCAL TAXABLE PROPERTY?

Furthermore, if you vote for this bill, you are in effect saying to your city tax assessor: "Now, you have on the tax rolls in this city $1,000,000 of national-bank stock that I am going to prevent you from assessing. I am going to prevent you from collecting taxes on. By my vote for a bill that becomes a national law, I am going to prevent you from taxing that local property." You will say by your vote the same thing to your county tax assessor, to your State tax assessor, and to your county and State collectors. In other words, you will say that you are determining from Washington the property in that locality that will be required to bear its share and burden of taxation and the property that will not be required to carry its fair share. You are saying by your vote in the case of a State bank on one side of the street and a national bank on the other side of the street this: "The R. F. C. has purchased notes and debentures from the State bank to the extent of $1,000,000 and the State bank will continue to pay taxes as it has always paid without any reduction whatsoever; but the national bank across the street which sells $1,000,000 of its stock to the R. F. C. will be exempt from taxation to that extent."

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. WILLIAMS. Does the gentleman contend that the State would have the authority under the law as it exists now to tax capital stock and debentures issued by State banks?

Mr. PATMAN. No. They have the right to tax the capital stock of banks, but not the debentures and notes.

Mr. WILLIAMS. They would not have that right.

Mr. PATMAN. The gentleman is correct.

Mr. WILLIAMS. We propose in this bill to place State banks on an exact equality with national banks so far as preferred stock is concerned—remove that from taxation.

Mr. PATMAN. Let us see if this is a correct statement—I will ask the chairman of the committee to verify this: When a State bank sells to the R. F. C. its note for $1,000,000 the R. F. C. does not pay any tax on this note, and the bank does not pay any tax on the note; but the bank continues to pay on its capital stock as before in 31 States of this Union. All right; the national bank just across the street from the State bank sells the R. F. C. $1,000,000 of stock. You are asking us to vote for a bill that will give them a special favor and special privilege, that will give them tax exemption to the amount of $1,000,000; and the bank across the street will not get it.

You are asking us to vote for a bill that puts holders of locally owned preferred stock in a different category. You want us to vote for a bill that will exempt the R. F. C. paying taxes on the preferred stock it owns. You are asking us to vote for a bill to make the local holders and owners of the preferred stock pay taxes as usual. Is not this right?

Mr. GOLDSBOROUGH. No.

Mr. PATMAN. If it is not right, I wish the gentleman would explain it.

Mr. GOLDSBOROUGH. If this bill is passed, then the national banks and the State banks all will have exactly the same relationship to the Reconstruction Finance Corporation.

Mr. PATMAN. Is not this a correct statement? I want to ask the gentleman if I did not make a correct statement

awhile ago when I said that if a State bank sells its $1,000,000 note to the R. F. C. and gets $1,000,000 on that note, the State bank does not pay any taxes on the note; the Reconstruction Finance Corporation does not pay any taxes on the note; but the bank pays taxes to the city, county, State, and all other political subdivisions as heretofore. That is right, is it not?

Mr. GOLDSBOROUGH. Not on that loan.

Mr. PATMAN. Oh, listen, now; do not try to confuse the issue. Let us drive down one peg at a time. Am I correct in that statement, or am I wrong; and if I am wrong will the gentleman point wherein I am wrong?

Mr. GOLDSBOROUGH. The gentleman's statement was incorrect in that he said they would have to pay taxes just as they always did.

Mr. PATMAN. On their capital stock.

Mr. GOLDSBOROUGH. I say the same thing.

Mr. PATMAN. All right; we agree, then, do we not?

Mr. GOLDSBOROUGH. No.

Mr. PATMAN. Yes; we do.

Mr. GOLDSBOROUGH. If the gentleman will not hear me through, I cannot answer him.

Mr. PATMAN. They pay taxes just the same on their capital stock, therefore——

Mr. GOLDSBOROUGH. No.

Mr. PATMAN. All right; go ahead.

Mr. GOLDSBOROUGH. The gentleman said, or intimated—he did not say it, he intimated it—that they would have to pay taxes on this $1,000,000 loan they received from the R. F. C.

Mr. PATMAN. Oh, no; I did not intimate that.

Mr. GOLDSBOROUGH. Oh, yes; the gentleman did.

Mr. PATMAN. I said just the reverse of that was true.

Mr. GOLDSBOROUGH. This bill will put the State banks and the national banks in exactly the same position insofar as their relationship to the Reconstruction Finance Corporation is concerned.

Mr. PATMAN. They say that the State banks would continue to have to make up their fair share and burden of taxation in city, county, State, road, and school districts, but the national banks would not.

The State bank would have to pay more in order to make up for the tax exemption of his competitor across the street.

Mr. GOLDSBOROUGH. That is absolutely incorrect, because just as the national bank would not pay a tax on the preferred stock so the State bank would not pay a tax on the money received from capital notes and debentures.

Mr. PATMAN. It will be a great day in his life, I will say to the gentleman, if this bill is defeated. It is going to be very embarrassing for the Members who vote for the legislation to see a list of the banks that get the benefit. We will then determine whether or not they should be on a Government dole or whether they are entitled to an additional bonus. We will find out how much they are paying in salaries and how much they are paying in dividends. I venture to say it is going to be embarrassing to Members who cast their votes in favor of exempting this property from local taxation.

Mr. WILLIAMS. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Missouri.

Mr. WILLIAMS. I notice the gentleman, in connection with a number of his statements, said that this bill will remove private property from local taxation. I would like him to point that out.

Mr. PATMAN. These banks belong to private individuals. They are private property, privately owned, and privately operated for private profit.

Mr. WILLIAMS. Let me finish the question. This bill is designed to remove taxation only from the preferred stock held by the Reconstruction Finance Corporation, which the gentleman must admit is public property.

Mr. PATMAN. The gentleman is just playing with words. He is trying to cover it up and make it look good, but it is going to look bad from here on out.

Mr. CELLER. Will the gentleman yield?

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

Mr. CELLER. Under the present situation, as I understand it, the preferred stock held by the Reconstruction Finance Corporation in State banks is not taxable, but the preferred stock held by the Reconstruction Finance Corporation in national banks is taxable?

Mr. PATMAN. It is taxable. The capital stock of banks is taxable in the State in which I live and in 30 other States of the American Union.

Mr. CELLER. But there are other States.

Mr. WOOD. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman for a short question.

Mr. WOOD. If a national bank has a capital stock of $500,000 and they sell $250,000 to the Reconstruction Finance Corporation, then they only pay taxes on $250,000 of capital stock?

Mr. PATMAN. Yes; and that is what happened in my home town. I wrote to Mr. Jones about that matter. I get the gentleman's point, and we are agreed on that. That is what happened in my home town. The bank there had a capitalization of $500,000, and last year when the assessor came around the bank said: "We are not going to pay taxes. The Reconstruction Finance Corporation owns half of our stock, $250,000, and our real estate amounts to $250,000. Under the Texas law you deduct the value of real estate from the capital stock in determining the amount of taxes. Therefore we will not pay one penny of taxes."

Mr. WOOD. A State bank could not do that?

Mr. PATMAN. A State bank could not do that. Mr. Chairman, this is a 50-percent tax reduction bill for many of the banks in this Nation.

Mr. REILLY. Will the gentleman yield?

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

Mr. REILLY. Would your banks be paying a tax today if the Government had not gone in and saved them?

Mr. PATMAN. They certainly would, just like the rest of them. If any were to be saved ours were to be saved, too. We cannot pick out certain banks to save by use of Government credit.

"PORK BARREL" BILL

We are doing a lot for the banks. If any bank needs this money, let them come in here and ask for it. Are we going to pass a "pork barrel" bill, and that is what this is? This bill contains the claims of thousands of banks all over the Nation, all put into one appropriation bill. If we were handling this legislation in the same way we handle private claims, there would be 4,000 or more private bills here for consideration. The merits of each bill would be gone into. But we are not doing that here. We are putting them all together, with the admission that some of the banks are paying high salaries and not using the money as they should use it, maybe paying dividends in other cases, with assets increased 100 percent over what they were in 1933 in some cases. Yet you want to continue to help them. You want to continue to let them have the money for 3½ percent. You want to continue to exempt their property from local taxation. If they need help let us give it to them, but if they do not need it let us not give it to them. Let us not pass a "pork barrel" bill giving the banks or any other class or group in America this consideration.

In conclusion, Mr. Chairman, let me tell you about some of the benefits which the banks are receiving today. A charter is worth something. They can lend $10 to every $1 they have in their possession. If they need extra Government help, we have a Government printing office down here that will print money if they need it and deliver it to them. Take the case of the deposits. There were $339,000,000 put up to insure the deposits. The banks only put up $39,000,000 while the people contributed the other $300,000,000. That is doing something for the banks. Not only that, but they have been loaded down with Government securities, and as long as you treat them as nice as you are attempting to do here, as long as you permit them to buy tax-exempt Government bonds and pay no taxes, and at the same time receive interest from the Government, you are creating an incentive for them to continue in this kind of business and not extend legitimate commercial loans to industry and agriculture.

Mr. McFARLANE. Will the gentleman yield?

Mr. PATMAN. I yield to my colleague from Texas.

Mr. McFARLANE. The interest they receive on these tax-exempt securities is also tax exempt, and there is that further loophole in the revenue law.

Mr. PATMAN. There is a total amount of exempt bonds of $55,000,000,000. This includes Government bonds, State, National, and municipal bonds. They are either partly or wholly exempt from taxation.

What does that mean? It means, if it continues, Mr. Chairman, we will soon arrive at a time when a few people will own the wealth of this Nation. They will not pay taxes at any time, and the other people will have to pay taxes upon what they own and upon what they consume in order to meet the taxes of the different governments. [Applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, I rise in opposition to this measure, which proposes to exempt the R. F. C. from paying any tax on its preferred bank stock, not so much because of the amount of taxes involved but because of the principle involved and the precedent we may establish by this action. The sum, however, is considerable—about $5,000,000.

I agree with the gentleman from Massachusetts that perhaps in less than 5 years there will be debated seriously in this House, in my opinion, the question of requiring the Federal Government to pay taxes on property and business which have been projected into active industry in competition with the citizens of this country.

The big use for taxes in your States and in your counties and in your cities and towns and school districts is to raise revenue to support your schools, your city government, and your county and State governments. In most of them, bonds have been voted, running over a period of 10 to 30 years. Now, the thing that is happening throughout this land of ours is that the Federal Government has gone into many of the counties of this country and has acquired large tracts of land and has set up extensive and valuable business operations.

Why in some counties of my district recently the Government has taken over seven-tenths of the acreage in the counties. All of this property will be taken out of taxation, and the burden of the bonds voted for the schools and to build highways will fall upon the other three-tenths of the taxpayers in these counties, and these counties with only three-tenths of the property paying taxes, how can they maintain the schools, the highways, and the other units of government?

We seem to be deeply concerned here today about the R. F. C. paying some taxes. Do not forget that to the extent you take the taxes off of the R. F. C. you put additional taxes upon the widow, the little home owner, and the farmer with his tax burden already too heavy to bear.

This is the question that is confronting the House today. There is too much of a disposition on the part of the Government to get into every sort of business. Down in the great Tennessee Valley the Government is buying up almost entire counties, putting in a great business operation, and where are the people whose lands are still there going to get hold of the money to carry on their government?

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. I yield to my friend from Kentucky.

Mr. MAY. I was interested in inquiring of my colleague about his statement that in one or more counties of his district the Government had taken over nine-tenths of the area of the county. Can the gentleman give me the name of the county in which that was done and tell me what they are going to do for taxes hereafter?

Mr. ROBSION of Kentucky. I do not know that all the details have been completed but, as I understand, the county of McCreary finds itself in that situation, and the officers of that county are very much in distress in trying to find a solution of the identical question that my friend from Kentucky has propounded. How are they going to maintain their schools and their highways and other units of government with your Uncle Sam stepping in and taking over nearly all the property?

However, what is true in that county is also true in some other counties. In the counties of Jackson and Clay and Laurel, perhaps nearly half or more of the area of these counties is being absorbed by the Federal Government, and what is true of my district in Kentucky you will find applies to one or more counties in practically every one of your districts. So there has already been formed in this country an organization to deal with this identical problem, and they are becoming active.

This measure discriminates. If any citizen owns any stock in a bank, that stock is subject to school, city, county, and State taxes, in most States. This measure proposes to exempt the R. F. C. from paying any school, city, county, or State taxes on preferred stock that it owns in any bank. Its dividends or interest is already guaranteed. It has preference on the earnings of the bank. The other stockholders of the bank do not have preference on the earnings, and they are required to pay taxes on their stock. To exempt the R. F. C. is to grant to it the worst sort of discrimination.

This administration must learn one of these days that money does not grow on bushes. It comes from the pockets of the taxpayers of this country. Now they propose to relieve this powerful, rich concern from the payment of taxes and by that act the citizens of each community, city, town, and State must have their taxes increased and carry this burden of the R. F. C. It is unjust, unfair, and I am glad to have an opportunity to speak against this bill and to vote against it.

I trust that we may have an opportunity one of these days to consider a measure that will take away the exemption of the thirty-odd billion dollars of tax-exempt securities.

I yield to my colleague.

Mr. MAY. Does the gentleman know whether or not these areas that he speaks of are taken for national parks or for the Resettlement Administration?

Mr. ROBSION of Kentucky. The large part of it is for some sort of forest reserve, but for whatever purpose it is taken it goes out of taxation and carrying its share of the burdens, and the people are moving away to some other section. Who is going to pay the bonds and meet the other obligations that were created to build the highways and bridges in those sections?

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. ROBSION of Kentucky. I yield to the gentleman.

Mr. TAYLOR of Tennessee. The acquisition of land in the vicinity of the Norris Dam has taken 45 percent of the taxable lands. The other 55 percent will be placed upon land in the other parts of the county.

Mr. MAY. Will the gentleman allow me one further observation?

Mr. ROBSION of Kentucky. I yield.

Mr. MAY. I would like to make this statement, that the State of Tennessee, by section 13 of the T. V. A., will receive 5 percent of the gross receipts.

Mr. TAYLOR of Tennessee. The State of Tennessee has never received one penny on that account.

Mr. ROBSION of Kentucky. We have been hearing eloquent complaints, loud and long, against tax-exempt securities. Some day we must take hold of that problem in earnest, because it encourages men and women with money to take their money out of productive industry, take it away from the tax burden, and get under the National Government, get the benefit of the Government without contributing to its support.

This is another attempt to place other tax-exempt securities—as you might call them—out of the reach of taxation and cast the burden upon the people, the poor persons who are least able to bear the taxes.

If the Government is going into business, if it is going to be in the banking business, let the Government be put upon the same equality as the citizens of this country. [Applause.]

Mr. GIFFORD. Will the gentleman yield?

Mr. ROBSION of Kentucky. I yield.

Mr. GIFFORD. I want to supplement what the gentleman said about Members talking long and loud about tax-exempt securities. In 1922, when that particular subject was before

us, there were three votes from this side [pointing to Democratic side] of the House. Lock at the record.

Mr. MAY. Will the gentleman yield?

Mr. ROBSION of Kentucky. I yield.

Mr. MAY. As to this bank proposition, I would like to get the gentleman's reaction on this. There is a difference between the R. F. C. selling its own bonds and the purchase of stock which is subject to taxation.

Mr. ROBSION of Kentucky. Exactly, and why should we take this burden off the powerful and the rich R. F. C. and cast it upon the shoulders of the widow and the orphan in the gentleman's community and mine—the poor people?

Mr. CHRISTIANSON. It has been said here that it is improper and dangerous to permit States and their municipal subdivisions to tax any property of the Federal Government. Does not the gentleman draw a line of distinction between property owned and used by the Federal Government in its sovereign capacity for the purpose of carrying out its sovereign functions, and property it may acquire and use for the purpose of engaging in business?

Mr. ROBSION of Kentucky. Absolutely. That is the distinction. [Applause.]

The CHAIRMAN. The time of the gentleman from Kentucky has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, I am opposed to this bill for two reasons: First, I am opposed to this increasing trend toward more and more tax-exempt securities in this country. We have gone as far, if not much farther, in that direction than we ought to go, in my judgment. We have been talking about reducing that exemption for some time, but we have not done anything about it, and now we intend to extend the principle of it.

Secondly, it seems to me this is just another step toward state socialism. The gentleman from Ohio [Mr. HOLLISTER], the ranking minority member, admitted that if this bill passes it will be an inducement to the banks to delay retiring their securities held by the Reconstruction Finance Corporation. I want to get the Government out of this banking business as soon as it can reasonably be done.

The Reconstruction Finance Corporation Act was passed in 1932 with a 2-year limitation, but it is still going, and it will be here 5, 10, or 20 years from now if we continue this sort of legislation.

Mr. CELLER. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. CELLER. Cannot the Reconstruction Finance Corporation sell the stock? They have had offers to sell a great deal of this stock.

Mr. PETTENGILL. Well, why in Heaven's name do they not sell it then?

Mr. CELLER. They will sell it.

Mr. GIFFORD. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. GIFFORD. I would like to say to the gentleman that that question was asked in the committee, and the Chairman of the Reconstruction Finance Corporation said, "We cannot sell it. There is no market for it." It cannot be very profitable.

Mr. PETTENGILL. Certainly. Then the local banks back home should retire it as soon as they can, and be encouraged to do so.

Mr. WOLCOTT. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. WOLCOTT. The gentleman referred to the fact that the gentleman from Ohio said this legislation would be an inducement to the banks never to retire their indebtedness to the R. F. C.

Mr. PETTENGILL. That is correct.

Mr. WOLCOTT. If I understood the gentleman correctly, he said it was an incentive on the part of the banks to get rid of the stock as fast as they could, but the reason they could not get rid of it was because the examiners held them down and compelled them to keep their capital structure intact, and they allowed them to reduce their capital structure in proportion to their obligations, and that they were reducing their capital stock held by the Reconstruction Finance Corporation as quickly as they could, and this legislation would have no effect on that proposition at all, and that we are reducing their capital stock held by the R. F. C.

Mr. PETTENGILL. I understood him to admit that it would prompt the banks to not retire securities held by the R. F. C. Now, I think that if this bill is to pass, a limitation should be placed upon it, and I intend to offer an amendment adding a new section providing that the law shall cease to be in effect 2 years from the date of its enactment. This will give this emergency legislation another 2 years to run. There may a technical reason why that is desirable. Then we should wind it up.

It seems to me there is a great principle at stake in this discussion, and that is the question whether this Nation shall continue as a federated republic or become a bureaucratic empire.

If this bill passes, you have created another precedent for destroying State sovereignty.

When and if the Home Owners' Loan Corporation or the Farm Credit Administration or the R. F. C. Mortgage Co., or other Federal lending agencies foreclose on their loans and take title to the properties, you have here set a precedent today for exempting the properties from local and municipal taxation for the support of schools, fire, police, park, and other local services, and thus throw an additional burden upon other local taxpayers who have been lucky enough or thrifty enough to keep out of the hands of the Federal Government. If bank stock held by the R. F. C. is to be exempt from taxation, then houses taken over on foreclosure by the H. O. L. C. are entitled to be exempt from taxation. Otherwise you give a privilege to the common-stock holder of banks and deny it to the dispossessed home owner who wants to redeem his little home. The principle of the thing is indefensible.

If the Federal Government can create Government-owned corporations to invest in houses, farms, submarginal lands, banks, railroads, forests, factories, hotels, apartment houses, "satellite cities", and so forth; and then if Congress can constitutionally exempt the Government-owned corporation from State and local taxation, you can then destroy the dual form of government in this country without amending the Federal Constitution. You will then have an open door to the nationalization of all American enterprise.

Over in the State represented by Mr. GOLDSBOROUGH one of the greatest men of our generation now lies dead—Albert C. Ritchie. He became a national figure by standing firm for one of the great vitalizing principles of free government, which, more than anything else, made the party to which he belonged and gave his life, a force in our history for a century and more. I do not believe that the principles for which he and Thomas Jefferson lived and died, have died with them.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, listening to this debate, I am of the opinion that before many more days shall have elapsed we Members of the House will be placed in a rather inconsistent position. Today we have before us this bill, which in effect asks us to decrease the tax basis back in our home States by relieving the Reconstruction Finance Corporation from the payment of taxes on the capital stock of banks to which it holds title. That capital stock is now taxable by the States, and its exemption from taxation would make that much less taxable property in the States. If I am correctly informed, in the very near future a bill will be brought out by the Committee on Ways and Means having something to do with a green slip, requiring the filing of duplicate income-tax returns with the offices of the internal-revenue collector in the home State of the taxpayer, so that such duplicate of the income-tax returns may be available to the city and county assessor for checking the taxable property of the Federal taxpayer. The theory for these green duplicate slips is that the States are now having their tax basis reduced because of their inability to obtain correct taxing information and that the

filing of these duplicate green slips will broaden the tax basis in the States, giving the States a better opportunity to tax. With one bill we take away taxable property in the States and with another we try to add taxable property.

Aside from that the real proposition in this bill is that statement by my colleague from Indiana [Mr. GREENWOOD], for whom I have the highest respect, that this stock holding in national banks in the State of Indiana should be free from tax because the Government holds title to the stock and that no property to which the Government holds title should be taxed. The gentleman from Ohio [Mr. HOLLISTER] states that the purpose of the bill is to equalize the loans to the railroads and insurance companies with the loans to the banks. If we are to accept these two statements as to the objects of the bill then the bill is more far-reaching than it would appear on its face.

National banks are private corporations and their stock is personal property subject to State tax. The Reconstruction Finance Corporation is also a private corporation chartered by Congress in which the Federal Government owns all of the stock. And then the Reconstruction Finance Corporation, through its financial operations, becomes the owner of the stock in the other private corporation, which is a corporation for profit, the national bank. The Reconstruction Finance Corporation now desires to be exempted from the payment of taxes on the national bank stock which it holds, although it receives the dividends from that stock and under the law is exempted from payment of taxes on the dividends. The private individual who owns the stock of these national banks is required to pay State tax upon his holdings of the stock and on the dividends.

To date the Reconstruction Finance Corporation has loaned to the railroads of the country $393,711,968. The greater part of this money was loaned to the railroads to buy equipment and make repairs on buildings that are now subject to State tax. However, the Reconstruction Finance Corporation took title to the equipment purchased with the money loaned, and under the theory of this bill propounded by the Rules Committee, because the Government holds title to this property, it would be exempt from State tax. The Public Works Administration, which is also a Government lending agency, has loaned to the railroads $188,825,500 to date. Most of this money likewise was used to purchase rolling stock and equipment and the title to such rolling stock and equipment is held by the Federal Government. This rolling stock and equipment represents millions of dollars and is now taxable under the laws of the various States. But on the theory of the Government holding title the States would be prohibited from taxing this property and the tax basis in the States reduced by millions of dollars. If the capital stock of banks held by the Reconstruction Finance Corporation can be exempted from State tax because of the title provisions, then it is but a step to exempt all of these other holdings of the Federal Government from State tax and the tax rate will have to be proportionately raised on the citizens of the State, they being required to pay more and more taxes on their lands, homes, and personal property after Government holdings are taken out of taxation.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. HARLAN. Does the gentleman know that without the provision of the original Reconstruction Finance Corporation Act, especially that giving by implication the States' power to tax certain tangible property held by the Reconstruction Finance Corporation, the States would not have authority to tax any of this, and this bill is merely a provision to exempt one block from taxation in order to make our bank loans safe, in order to protect the interests of the depositors? We are not taking away from the States anything here; we are simply exempting something that we have specifically granted to the States before.

Mr. GRISWOLD. I agree with the gentleman that we are simply exempting something; that something which we are exempting by this bill being in my State the sum of $16,387,000. That means that what we are exempting must be replaced by increasing the tax burden on the lands and homes in my State. How much more are we exempting because of what the Public Works Administration has put into railroads and what the R. F. C. has put into railroads? I would like to know how much we are going to exempt eventually if this R. F. C. exemption bill has made an entering wedge by exempting bank stock.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. O'MALLEY. If we go back and say we are not allowing the States to tax this stock, we can also say that if we had not allowed the States to tax this stock they might not have passed the bill or set up the R. F. C.; so there is no argument to say because at one time we allowed the States to tax the stock we should take it away from them now.

Mr. GRISWOLD. I thank the gentleman. The gentleman is correct.

Another objection to this bill, especially if you believe in equal justice under the law, is this: In every State certain stockholders in national banks, knowing their banks were going to the wall, put up the money themselves and took over the frozen assets of the bank. By so doing they saved the depositors from losing a cent. Yet today those people, who did not wait for their banks to go to the wall, cannot get a penny from the R. F. C. on these frozen assets. If a bank is about to fail, it has been the policy of the R. F. C. to lend money to that bank to prevent loss to the depositors, even though the stockholders of such bank had personally plenty of assets to put up for the purpose of protecting the depositors. Those who did not wait for R. F. C. help are holding the bag. They are paying taxes on the property of the bank which they took over after having secured the depositors, and they are being penalized because they saved their depositors without waiting for the R. F. C. to be established so that they could run to it and ask for the money. A case in point is the Citizens National Bank in my home town. The stockholders of that bank prevented any loss to the depositors; prevented a failure that would have caused a run, with dangerous effects on other banks of the community; and those stockholders today are subject to taxes on the frozen assets held by them.

If the R. F. C. can be relieved of taxes on private property to which it holds title, then by virtue of the same theory the Federal Government can be exempted from taxes on the farm lands to which it holds title by reason of the taking over of farms mortgaged under the Farm Loan Act. The Federal Government now holds title to farms valued at $119,635,831. Under our present practice of lending by Federal agencies if all of these assets are to be exempted in just a little while the taxes on what is left to be taxed in the States will be higher than the value of the property taxed and the citizens of the State will bear the burden of those increases. I have heard it said that it is robbing Peter to pay Paul for the Federal Government to pay taxes upon these things and at the same time we are told that the R. F. C. is operating at a profit under its present efficient management. If it is operating at a profit, then certainly it can afford to pay taxes, for it was never intended to operate at a profit. It was even suggested at the beginning that it might operate at a loss, but that such loss was in the interest of recovery and could well be borne.

Under the provisions of this bill, the Federal Government holding bank stock, will not be taxed by the States on that stock. The private individual holding bank stock will be taxed by the States on that bank stock. I submit that this is the most severe kind of competition in private business under the law. I further submit such a bill as this, discriminating as it does between the Government in business and the individual in business, is not a bill that has as its principle "justice under the law."

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I do not think that at the present moment the people of this country are in any frame of mind to approve legislation of this type. I think it is poor judgment, generally speaking, and I will give some of the reasons why I make this statement. I have in my

hand a little leaflet, The Agricultural Situation, put out by the Bureau of Agricultural Economics, dated January 1, 1936, which shows that the farmers in the State of Michigan in 1930 were paying on an average in selected counties 6.3 percent interest per annum on all the indebtedness they carried.

On debts under $500 they are paying 8.2 percent; $500 to $1,400, 6.8 percent per annum.

Here is the preliminary statement of the public debt, January 31, 1936, which shows a total gross debt of $30,516,452,985.58. In running over this statement, I find the bonds and notes are divided into groups or blocks, and the second block or group shows a total of $14,317,745,100, and in that group of Treasury bonds there is only one series that carries an interest rate as high as 4¼ percent, and the other series in that group carry rates from 4-percent down to 2¾-percent interest per annum. The rate of interest on loans made to banks by the R. F. C., which we are talking about here today, as applied to dividends on preferred stock, is 3½ percent per annum for the use of money. The next block shows a total of $11,791,980,000 plus. In this group of bonds I do not find anything which carries 3½ percent. But instead, a very large percentage that carries as low as 1⅛ percent, 1½ percent, and 1⅝ percent. Those two blocks added together amount to a little over 26 billion dollars out of the total public debt of $30,516,452,985.58, as of January 31, 1936.

Mr. KELLER. Covering what territory?

Mr. CRAWFORD. This covers the United States. This is the national debt as of January 31, 1936.

Mr. Chairman, the argument has been made that the R. F. C. cannot afford to pay the tax if it lends the money to these banks at the rate of 3½ percent. The statement to which I have just referred does not support that argument in any way whatsoever. The Government borrows money at the rate set forth in the preliminary statement of the public debt. We should keep in mind the many claims that have been presented the past year with reference to the tremendously low rate of interest at which the Government is able to borrow money. Why? Because the people of this country prefer to lend money to the Government on Government bonds instead of putting it into private industry and industrial activity. But let the industrial activity of the country go up materially, then will the Government be able to borrow money at the rates of interest shown on this sheet?

Coming back to my first statement, "This is no time to pass legislation of this type." The little sheet to which I first referred in my remarks shows that the people in the State of Pennsylvania—selected counties—paid a rate of interest of 5.7 percent. In Iowa it is 5.6 percent; Kansas, 5.8 percent; Louisiana, 7.1 percent; Texas, 6.8 percent; Montana, 6.9 percent; Oregon, 6.4 percent.

This shows that the farm people of this country, in selected counties of 11 States, in spite of what has been said with reference to 3½ percent on farm mortgages at the present time, which expires within about a year, were paying an average of 6.3 percent on all debts running $20,000 and over.

Mr. Chairman, can we stand here and plead for legislation that transfers from the R. F. C. a tax burden which must be thrown back onto the taxpayers of the States, particularly when the people are lending their money to the Government at such low interest rates as are reflected in the January 31, 1936, statement of the public debt?

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. CRAWFORD. Mr. Chairman, can we do that, when they are paying interest rates of 1⅛ to 3 percent, which the Government pays on money which it borrows from the people of this country, as the banks take the deposits of the people and buy Government bonds? I do not think we can afford to do that. I would like to go along with a proposition that encourages the protection of our banks and the saving of deposits in the banks, but I keep in mind the fact that a lot of the R. F. C. money went into new banks. It was not recovery money. Some of this money went into new banks which were organized on a new, clean-slate basis, and the R. F. C. came in and took the preferred stock. I also keep in mind that as the R. F. C. holds this preferred stock it is drawing dividends on the preferred stock out of the activities of those communities wherein the banks are operating.

I should like to ask the gentleman from Texas [Mr. CROSS] if he knows of any other Government operation in which there is Government ownership and the property is exempt, where the profits are taken as a result of the operations being carried on by the Government? I do not know of any. If the gentleman does, I wish he would give me the information.

Mr. HEALEY. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Massachusetts.

Mr. HEALEY. Will the gentleman clear up this point? In the event that the States tax this stock, as a matter of fact is it the R. F. C. that pays the tax, or is it the banks themselves in the form of increased interest rates?

Mr. CRAWFORD. I understand the State law in Michigan with reference to taxation of bank stocks provides that about the first Monday in October in each year the cashier of the bank must make a return to the State treasurer of the paid-in capital stock of the bank, both preferred and common. In the event the cashier fails to do that, the penalty for failing to do so causes the State treasurer to assess a tax against the entire authorized capital stock under the articles of incorporation. Adding this to what the gentleman from Ohio [Mr. HOLLISTER] said, it is my strict understanding that the bank makes a return on the value of the stock and that the stockholder is assessed his pro-rata share of the tax paid by the bank, and he must pay that through a reduction in his dividend.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Maryland.

Mr. GOLDSBOROUGH. The banks which have a relation with the R. F. C. cannot raise the rate above 3½ percent in the period of 5 years.

Mr. CRAWFORD. Mr. Chairman, this bill reaches out into very distant fields. Government is now participating in the operating profits of banks through the purchase which it has made of the preferred stocks of banks, both State and National. It has loaned much money to railroads and insurance companies. All of these activities are carried on for profit. Railroads, banks, and insurance companies are not nonprofit corporations. To be sure, military forts, post offices, and other Federal-owned properties are exempt from taxation. No one complains about that. But a new order or a new element has entered into the picture—Government ownership of preferred stock. This type of stock takes right over common stock. Some of this preferred stock may be owned by the Federal Government and at the same time some of the same bank stock by an individual. The Government ownership asks for exemption; the individual owner must pay his tax. The money with which to pay these preferred dividends must necessarily come from the operating profits of the banks of which the stock in question is a part. Those operating profits are created very largely by the people residing in the communities where the banks are located. In this manner those earnings in the form of dividends are extracted from that community. Some claim that if the R. F. C. must pay the tax the interest rate or dividend rate on the stock held by the R. F. C. must be advanced. That statement can be properly questioned. Who knows but what the Government in the years to come may be able to borrow money from the people at much lower rates than those enjoyed by the Government today? Suppose on all refunding transactions the Government can borrow money on an average annual interest rate of 1½ percent. In that case, would it be argued the Government would have to raise the rates of dividends or interest at the end of the 5-year period referred to by Mr. GOLDSBOROUGH?

POSTAL-SAVINGS RATES

If on account of so many deposits in the banks the volume of transactions create an operating expense which banks

cannot carry, and at the same time pay 2½-percent interest per annum on demand Federal postal savings deposits or on time deposits of customers, that, of course, becomes an operating problem for the bankers. Perhaps the time has come when banks will have to make a charge against customers for the care the banks give to deposits owned by the customers of the bank. When the bank accepts a deposit and extends a guarantee to the depositor that he will be able to secure that money at any time he may make demand, that is banking service. In years gone by, it, of course, was the custom for the banker to pay the depositor for the use of the money, and then the bank would lend that money at a much higher rate than the rate paid by the bank to the depositor. That is not so today, because the people are not ready to borrow loans from the banks at high interest rates. Instead the Government lending agencies, such as the Reconstruction Finance Corporation and the Home Owners' Loan Corporation, are "short cutting" and lending money at much lower rates than the banks have loaned in the past or than the mass of the people can borrow from banks at the present time. Thus these new corporations—operating somewhat as branches of the Government—can finance their activities through the borrowings from people, through the bank gateway, and in securing this money from the people in this indirect manner through the banks the Government is now paying about the rate of interest direct to the holders of Government bonds which the banks formerly paid, on an average, to the people who placed their deposits in the bank. Now, as the Government participates in industrial activity, it comes along and requests that its preferred stock and debenture holdings be exempted from tax. Certainly, Mr. Chairman, we have indeed entered a new field, and great forces are placed in operation.

Mr. Chairman, it is my opinion this bill goes far afield. This question is one that needs much careful consideration, debate, and understanding before it becomes law. For these and other reasons I shall have to vote against the bill.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, as long as I am a Member of this House my voice is going to be raised against the further extension of exempting from taxation property acquired by the Government. My vote is going to be cast that way. [Applause.] These times are too serious to consider a bill of this character or nature further extending tax-exempt securities. At least, the law will be so construed by the people, and rightly so, as there can be no question about the fact that this proposed law will greatly help and assist national banks that want to secure money for their preferred stock from the R. F. C. It will help to create more tax-exempt bonds. I do not think we have the right in this House to think that this depression is over and that all is going well now. We certainly are better off than we were, but remember that the line of the unemployed is still here by the millions. One-sixth of our people, twenty millions or more, are still being fed at the hands of charity. There is tremendous and ominous unrest in our land.

I cannot see any justification for hurrying this bill through in just a few brief hours. The reaction throughout the country is going to be decidedly against the Congress for pushing it through in this manner. It just went through the Senate only yesterday. I was over there when it was being discussed, and now it comes up here under a special rule, and we sidetrack another bill that was being considered in order to shove this measure through. Why? To exempt the R. F. C. borrowers from paying some taxes. They already have Government favors showered upon them.

I have heard it charged on this floor, and the people generally believe, that the R. F. C. was organized to bail out the banks, the railroad companies, and the big lending institutions. It certainly had that effect. The small banks in my country have disappeared. They have passed into the chains and the chains have reached out and used the R. F. C. and have received millions from them at three and a half percent interest. Of course, the tendency is going to be to keep these loans and not pay them off. We have no right, Mr. Chairman, at this time to pass this bill in a hurried way and under the pressure that is being brought forward to put it over. Such pressure usually indicates something wrong, and the people would resent it if informed.

Less than 30 days ago I saw all the papers of Oregon lined up on one side of a question, with nearly all the men in public life with them, urging the people to vote for certain measures. I saw the people go to the ballot box on the 31st of January and 60,000 of them voted with the papers and 150,000 voted against them. Evidently the newspapers are not controlling public opinion as they once did and people are more alert on political matters. You cannot tell what kind of revolution is just around the corner. If this bill passes, we are going to be justly criticized.

We hear much talk about tax-exempt securities. I do not know how many such securities there are. I should like to know and I have tried in many places to find out. This is no time for us to be passing hastily on a question as important as this. I think the matter of tax-exempt securities ought to come before this Congress and we ought to submit a constitutional amendment in order to reach this alarming situation.

History shows that civilization after civilization has been wrecked by people getting special privileges and special rights. You say, "It can't happen here." It may happen to us.

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

Mr. PIERCE. I yield.

Mr. McFARLANE. Tax-exemption legislation has been pending before the Committee on the Judiciary for the last several sessions. I wonder why they do not do something about it. The President in a message to Congress favoring the elimination of tax exemption, sent last year, favors this legislation.

Mr. PIERCE. I do not understand why the Judiciary Committee does not take up that question and submit a constitutional amendment to the people at this time. I can see no valid excuse that can be offered by any man who votes for this bill. [Applause.]

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, as one of the minority members I was glad to go along with the majority on this question. When the original act was passed it was fully understood this exemption was the intent, except in matters of real-estate holdings. Seemingly, but one State has seen fit to challenge it successfully. It is rather late now for Democrats on the floor of this House to rise and say that as a general principle they do not believe in any more tax exempts being issued. It is a poor time to take refuge in such argument. The R. F. C., if these were profitable holdings, would sell them, but they cannot sell this preferred stock, even under present conditions. Make it harder, if you want to, and force them to hold them for a long time to come; but this is what is desired. But my motive in rising at this time is—and I intend doing it often—to call attention to the fact that in 1922 when you had a reasonably good-sized minority, and we had to get a two-thirds vote for a constitutional amendment to do away with tax-exempt securities, the opposition came from the Democratic side of the aisle, and I think only three votes for the proposition were cast on that side. We had to get a two-thirds vote, and although a fair majority, the Republicans could not win without some help from the minority. Yet we hear day after day you Democrats saying that they are never going to vote for any more tax-exempt securities. What is our own Judiciary Committee, largely manned by Democrats, doing? Did not your own chairman, the gentleman from Texas [Mr. SUMNERS], get up here recently and tell you why that amendment is not presented to you? He practically stated it to be unthinkable that we should consider it now or for some time to come when our own Government faces these large borrowings.

We have to look after the credit and the ability of your own Government to refinance, and now learn that it has about $11,000,000,000 to finance or refinance within the next few months. Do not believe in any more tax-exempt securities. You will have now nearly $40,000,000,000 worth, while in 1922 you had only about $20,000,000,000 worth. If you read the speeches of your Democratic leaders then—and you had very able Democratic leaders in 1922—you will find that they made really good speeches in opposition; and I say to the gentleman from Oregon [Mr. PIERCE] that I believe if he will go back to the records of 1922 and read the debate, those speeches will convert him, so persuasive were they, and the same arguments would be advanced now as then.

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

Mr. GIFFORD. Yes.

Mr. CELLER. Just tell the House that not only have tax-exempt securities been issued to a great degree during Democratic control of the Judiciary Committee, but to an even greater degree when the Republicans were in control.

Mr. GIFFORD. Oh, yes; we cut them down from twenty-six billion to sixteen billion from 1922 to 1929. The gentleman, perhaps, remembers that?

Mr. Chairman, I yield back the remainder of my time.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. BROWN].

Mr. BROWN of Michigan. Mr. Chairman, I have been interested in the fight that the gentleman from Oregon [Mr. PIERCE] has made regarding the tax exemption of Government securities. I think his argument on the floor has possibly confused some of the members of this Committee. The measure that we propose is one which will actually make preferred stock of banks, when it gets into the hands of private investors, subject to taxation. The kind of tax exemption that you have been protesting against is the tax exemption of Government securities when in the hands of private investors. The kind of tax exemption that we propose here is an exemption when property is in the hands of the Reconstruction Finance Corporation, which is an arm of the Federal Government and ought not to be subject to taxation any more than a fort or any other property of the Government of the United States.

Mr. PIERCE. Will the gentleman yield for a question?

Mr. BROWN of Michigan. Yes; I yield.

Mr. PIERCE. Is it or is it not true that these buildings in Washington pay a certain amount to the District of Columbia in lieu of what would be paid if they were privately owned?

Mr. BROWN of Michigan. Only insofar as we make appropriation for that purpose.

Mr. PIERCE. But is it not true that five or six million dollars is taken out of the National Treasury, and that is the excuse for it?

Mr. BROWN of Michigan. Well, I do not think that is a matter of taxation. That is a contribution on the part of the Government to the maintenance of the District of Columbia.

Mr. PIERCE. But is that not true?

Mr. BROWN of Michigan. Yes; it is true in that sense; but the fight which the gentleman has been making is not against exemption of property of the Government of the United States. It is against the exemption of that property, bonds of the Government, when they are in the hands of private investors. I do not yield further.

This bill provides, in substance, that when this preferred stock gets into the hands of private investors it becomes subject to taxation just the same as any other property. So much for that subject.

Now, the gentleman from Texas [Mr. PATMAN] has made much of the fact that the Committee on Banking and Currency is attempting to draw a distinction between investments of the Reconstruction Finance Corporation in the preferred stock of national banks and in their investment in capital notes and debentures in State banks.

There is no such distinction in this bill. One only has to read a sentence from it to demonstrate that fact conclusively:

Notwithstanding any other provision of law or any privilege or consent of tax expressly or impliedly granted thereby, the shares of preferred stock, capital notes, and debentures of State banks and trust companies heretofore or hereafter acquired by the Reconstruction Finance Corporation shall not be subject to taxation when in the hands of Reconstruction Finance Corporation.

The plain language of the statute ought to silence for all time today in this debate the proposition that we are attempting to tax State banks and to exempt National banks with respect to that financial assistance which the Reconstruction Finance Corporation gives to banks of all kinds, whether they be State or National banks. There is absolutely no distinction, and the only purpose of the bill is to carry into effect the original purpose of the Congress when it exempted all of the property of the Reconstruction Finance Corporation from taxation.

Mr. CRAWFORD. Will the gentleman yield for a question?

Mr. BROWN of Michigan. I yield.

Mr. CRAWFORD. The gentleman referred to the properties which the Government holds, and if I understood him correctly he said "forts"?

Mr. BROWN of Michigan. Yes; any property of the Government.

Mr. CRAWFORD. Does the gentleman classify nonprofit holdings of the Government, such as forts, public buildings, and so forth, with the holdings of the Government under these new types of Government corporations which we have recently established where they draw profits out of a community?

Mr. BROWN of Michigan. I think the general purpose of both is the same. The purpose of the establishment of the Reconstruction Finance Corporation was for the general benefit and welfare of all the people of the United States, and its property should be exempt. What is the use of our going down into the city of Texarkana, Tex., and investing $250,000 to rehabilitate a bank, invited down there by the people and the banks, and then have that institution ask us to pay a tax upon the funds we gave to them for the purpose of opening or keeping open a bank? [Applause.]

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. CAVICCHIA].

Mr. CAVICCHIA. Mr. Chairman, from the question which the gentleman from Michigan asked a few moments ago of the previous speaker, he evidently expects that these different Government agencies which we have set up in the last 5 or 6 years are going to make a profit. If that is so, the gentleman is a prophet himself.

The gentleman who preceded me [Mr. BROWN of Michigan] has very well explained the purpose of this act. A great deal of confusion has arisen as to whether or not preferred shares of bank stock held by the Reconstruction Finance Corporation should be taxed. Most States, either by law or by interpretation of their attorneys general, have decided that the stock is not taxable. Someone made a test case of it, and it went to the Supreme Court of the United States, and that august body decided that the stock was taxable. In order to have uniformity and to do away with confusion, the Committee on Banking and Currency brings to you the suggestion that you accept this amendment and make the stock exempt from taxation.

Mr. McFARLANE. Will the gentleman yield for a question right there?

Mr. CAVICCHIA. Yes; I yield.

Mr. McFARLANE. But does this bill do that when you take into consideration that 31 of the States, according to the Senate hearings, are allowed to tax the stock of State banks for State, county, and municipal purposes, when this bill cannot stop that and does not interfere with it in any way?

Mr. CAVICCHIA. It does not, and we cannot enforce it.

Mr. McFARLANE. Then it does not equalize.

Mr. CAVICCHIA. I may say to the gentleman, however, that if we make this stock taxable, the Reconstruction Finance Corporation will be forced to charge a higher rate of interest on the money it lends; and will we be any better off than we are now?

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CAVICCHIA. Yes.

Mr. PATMAN. The gentleman asked a question. I think the community would be better off, because the bank would be paying for the benefits it is receiving and paying its fair share of taxes to the local community.

Mr. CAVICCHIA. The gentleman from Texas and I disagree on most questions that come before this House from the Committee on Banking and Currency.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CAVICCHIA. I yield.

Mr. McCORMACK. If we were a national government the gentleman's argument would be very convincing to me.

Mr. CAVICCHIA. Are we not a national government?

Mr. McCORMACK. If we did not have a dual system of government. We are a federated government. The Federal Government is a limited government, with delegated powers. The States have preserved to themselves certain taxing rights. We have no powers other than the powers the sovereign States have given to the Federal Government, and the sovereign States have reserved the right to tax private business. When the Reconstruction Finance Corporation buys the preferred stock of a bank it is putting its money into private activity, and the States certainly ought to have the right to impose taxes on any such activity.

Mr. CAVICCHIA. I would agree with the gentleman from Massachusetts were the R. F. C. a private corporation doing business for profit. It is nothing of the kind. It was born of an emergency. It is the taxpayers' money that is in the kitty, and it is being let out to banks and other institutions in order to help them.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. CAVICCHIA. I yield.

Mr. GRISWOLD. The gentleman said it was a nonprofit corporation. Can the gentleman tell me what will happen to the profits of the R. F. C. if it makes any?

Mr. CAVICCHIA. They are returned to the Treasury of the United States.

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

Mr. CAVICCHIA. I yield.

Mr. CELLER. The R. F. C. did not of its own accord want to buy this preferred stock; it did so only to rescue these banks.

Mr. CAVICCHIA. I may say to my friend the gentleman from Brooklyn that that is the commonly accepted theory. As a matter of fact, however, the R. F. C. forced, indirectly, many of these banks to sell to it preferred shares. Many a bank has had to sell preferred shares of stock to the R. F. C. when it did not want to sell any, because it needed no money, but banks were afraid of reprisals in some few instances.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield 5 additional minutes to the gentleman from New Jersey.

Mr. CELLER. Mr. Chairman, will the gentleman yield further?

Mr. CAVICCHIA. I yield.

Mr. CELLER. I think that is true, but in those instances the capital structures of the banks were in disproportion to their deposits. Their deposits were so large and the capital structure so small that it was necessary in the interest of safety for the R. F. C. to buy some of the preferred stock of these banks to bring back the proper proportion between deposits and capital structure. In those instances the R. F. C. compelled the banks to give them the preferred stock.

Mr. CAVICCHIA. That is another theory that does not hold water.

A lot of these governmental agencies we have organized in recent years are becoming rackets; and may I cite the postal-savings bank? When we created the Federal insurance of bank deposits we felt we would no longer have need of postal-savings banks, because the average worker does not, as a rule, save more than $5,000, if that much, and he could just as well go to the State or National bank and deposit his money. We felt that because of the insurance feature we would no longer have need of the postal-savings banks. It was the conviction of the majority of the members of the Committee on Banking and Currency that, without legislation, in time the postal-savings banks would disappear of themselves.

What has happened? We guarantee the depositors in postal-savings banks 2-percent interest. The trustees of the postal-savings deposits in Washington exact 2½ percent from the banks where this money is deposited. I want to give you gentlemen something to think about. I have been unable to get information from the trustees of the postal-savings banks as to how much money was returned to the postal authorities on the 1st of February by the banks of New York and New Jersey. I got just a general bit of information saying that on December 31 there was on deposit in the postal-savings banks of the country $1,201,377,563; that some of the banks have returned the money voluntarily because they could not afford to pay the postal authorities 2½-percent interest. I asked the Third Assistant Postmaster General why they did not lower the rate of interest so that the banks could keep the money, and he said that one-half of 1 percent was not too much to charge the banks in order to cover overhead; yet we charge only one-eighth of 1 percent to guarantee our bank deposits. We began at one-half of a percent, went down to a quarter, and finally got down to one-eighth of a percent. We can afford to guarantee the deposits in the banks and only charge the banks one-eighth of 1 percent.

The postal authorities felt it necessary to have the banks in which they deposited the postal savings pay interest of 2½ percent, giving a leeway of one-half percent to cover overhead.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. I just want to rise to correct the gentleman. The present assessment is one-twelfth of 1 percent.

Mr. CAVICCHIA. That is better yet.

Mr. Chairman, from a newspaper correspondent I got information that I could not get direct from the postal authorities. Subject to correction, I give you these figures: On Febrnary 1 the State and National banks of the State of New Jersey had to return $33,367,434, because the bank commissioner of the State said that the banks of my State could not afford to pay depositors more than 2 percent. Inasmuch as the ruling of the postal authorities provided that these banks had to pay 2½ percent, this money had to be returned. Is it not a wonder we did not have a banking holiday on the first of February when $33,000,000 was taken out? I am told $15,903,754 was returned by New York banks.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. May I say to the gentleman that I have in my hand the Senate hearings on the bill, and I notice therein a statement by Mr. Jones that some of this preferred stock is in private ownership. Does the gentleman know how much that amounts to?

Mr. CAVICCHIA. I could not give the gentleman the figures.

Mr. MARTIN of Colorado. I want to know what is going to become of that when this law is passed?

Mr. CAVICCHIA. They get a greater rate of interest than the R. F. C. and they have to pay a tax on what a private individual holds? I want the Members of the House to be clear on this point: Private holders of this preferred pay a tax on this stock.

Mr. MARTIN of Colorado. How do they get this stock?

Mr. CAVICCHIA. Well, they are probably directors of the bank. The bank had to have additional capital and they

bought it there when the stock was issued. Some of it went to the R. F. C. and some went to individuals.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from Washington.

Mr. ZIONCHECK. Is the gentleman for this measure that is now before the House for consideration?

Mr. CAVICCHIA. I am, because I believe the measure clarifies what we intended should be the law when we first drew up the act.

Mr. ZIONCHECK. If the gentleman is for the measure, I am against it, because the gentleman is always with the bankers.

Mr. CAVICCHIA. I thank the gentleman. May I say I do not own a share of bank stock and never did.

Mr. ZIONCHECK. But the gentleman is always here representing them before the House.

Mr. CAVICCHIA. I am a member of the Banking and Currency Committee, and I wish the gentleman from Washington would please take notice.

Mr. CRAWFORD. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Did I understand the gentleman to say that the Postal Savings requires State banks to pay 2½ percent on their deposits?

Mr. CAVICCHIA. Yes. The depositors go to the postal-savings banks and put their money in those institutions because they know it is a Government proposition. They have more faith in a Government institution than they have in private banks. That is especially true of the immigrant classes which we have in our large centers of population. However, the Government takes these deposits and puts them in a private bank which the depositor himself did not want to go to in the first instance. The Government pays the depositor 2 percent and exacts 2½ percent from the private banker.

Mr. CRAWFORD. It is my understanding that a great many of the banks are this very month reducing the interest rates which they pay on time deposits to as low as one-half of 1 percent.

Mr. CAVICCHIA. Yes; and that is the reason $33,000,000 was withdrawn from banks in the State of New Jersey and returned to the Federal Government, because by order of the commissioner of banking and insurance of New Jersey the rate of interest was cut down to 2 percent and the banks could not afford to pay 2½; hence the return of the money.

Mr. WHITE. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from Idaho.

Mr. WHITE. Is it not a fact that during the depression the fund in the postal-savings banks was one of the greatest influences the Government had to bail out the distressed banks and was there not a stampede to get money from these banks in distress?

Mr. CAVICCHIA. Yes; but since we have guaranty of bank deposits, why have postal-savings banks and why have the postal authorities carried on the racket of making the private banks give them one-half percent for what they say is overhead?

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman and members of the Committee, though the measure before us has been ably presented by various members of the committee, I am convinced that there is much confusion surrounding its true purpose and effect. Much that is irrelevant has gotten into the discussion. I therefore trust that I may aid some in clarifying the real issue for decision.

The reasons for the bill are well and clearly stated in the report of the House Committee on Banking and Currency, and in the interest of fair play and equality between the States, applies to taxes heretofore imposed as well as to future taxes.

As pointed out by the gentleman from Wisconsin [Mr. REILLY], the effort on the part of some of the gentlemen who have spoken today to confuse the tax-exempt issue with the issue involved in this measure is entirely out of place and can be nothing more than an effort to draw a herring across the path. This bill merely restores to the R. F. C. an instrument of the Federal Government, its constitutional immunity from taxation. It is designed to clarify the exemption from all taxation of preferred stock, capital notes, and debentures of banks and trust companies acquired by this Corporation pursuant to section 304 of the Emergency Banking Act passed in March 1933. The necessity or occasion for this bill, as probably all of you understand, is the recent decision of the Supreme Court of the United States in the case of the Baltimore National Bank against the State Tax Commission of Maryland, in which the Court held that the tax commission had the right under section 5219 of the Revised Statutes to assess the shares of stock regardless of its ownership. Since the word "all" was used by Congress in 5219, the Court stated that the manifest intention of the law was to permit the State in which a national bank is located to tax, subject to the limitations prescribed, all the shares of its capital stock without regard to their ownership. In this case the R. F. C. owned the entire preferred stock issue, which it bought to assist the bank in reopening its doors. But for the express language of 5219, Revised Statutes, the invoking and asserting of the constitutional immunity would have been adequate and sufficient to have protected the Federal Government against taxation of the State authorities. It should be remembered that section X of the Reconstruction Finance Act was designed to give the broadest possible constitutional immunity to the Corporation, for this language is used:

> The Corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from taxation, both State and Federal.

Under color of law, the Corporation has consistently asserted this constitutional immunity from taxation. This interpretation of section X has received almost universal acceptance by State courts and attorneys general, and only recently has any taxing authority undertaken to question this immunity. In partial reliance upon it, the Corporation has reduced the dividend rate on preferred stock held by it to 3½ percent until February 1, 1940, and 4 percent thereafter, while it pays the Treasury 2¾ percent for the funds procured from it. As pointed out in the report, taxation of shares of preferred stock will not only encroach in all cases upon the Corporation's small margin of return but in many cases will wipe out entirely and even exceed this margin.

The present bill will not in anywise affect the rights of any taxing bodies to levy taxes against the preferred stock, notes, or debentures held by any individual or other corporation. This measure merely exempts the securities mentioned when held and owned by the Reconstruction Finance Corporation. It is perfectly consistent with the intention of Congress, and the bill does no more than to close an unintended legislative gap.

We should not forget that the R. F. C. was created as a relief corporation, whereby the credit of the Government, in the great crisis facing the people, could be thrown behind private credit to prevent a complete destruction of values of all kinds. It was not set up, as many have been given to believe, for the primary purpose of aiding the big corporations and large institutions. Its purpose was to save through them the deposits and investments of millions of people throughout the country. This it has done and at the same time protected the taxpayers. [Applause.]

Mr. McCORMACK. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I gladly yield to the gentleman from Massachusetts.

Mr. McCORMACK. Does the gentleman take the position that every instrumentality of government is exempt from taxation?

Mr. HANCOCK of North Carolina. I take the position that every instrumentality of the Federal Government can invoke immunity from taxation. It is an inherent, sovereign right.

Mr. McCORMACK. Does the same thing apply to the State governments?

Mr. HANCOCK of North Carolina. The State governments can, of course, protect their own properties against Federal taxation.

Mr. McCORMACK. Unless it is an essential governmental function, any activity of the State or local government is subject to Federal taxes.

Mr. HANCOCK of North Carolina. The gentleman is getting into a broad field, and I regret that I cannot follow him.

Please let me now briefly give you my reasons why I think this measure is desirable and necessary. Much has been said here about depriving the local communities of their right to taxation. A number of the gentlemen who have spoken have also indicated that the passage of this bill would withdraw certain property from taxation by the State and other governmental units which they at one time enjoyed. Such a conclusion is, of course, erroneous. Personally I cannot believe that this is the real motive behind the opposition to this measure. Unfortunately there are a few men in the House who see red when any measure involving a bank or banker is presented for the impartial consideration by the Congress. Such vision or attitude can do no good but possibly great harm. I am allied with no banking institution, but I recognize, as I am sure all of you do, that banking houses are indispensable in our economic set-up. When soundly and properly administered in the interest of the public, they are entitled to the good will and patronage of the public and fair treatment by the government which chartered them. All of us, I am sure, will appreciate the fact that no bank is safe to do business with unless it is operating upon a profitable basis. This does not mean, however, that in time of emergency the rights of the stockholders should be placed ahead of the community interest and welfare.

Just why should the R. F. C. be treated on any different basis from any other corporation? Well, in the first place, capital was not put into banks by the R. F. C. for the same reason that private money is invested in these institutions. In normal times the hope of profit is, of course, behind practically every purchase of bank stock. All of us know, however, that the R. F. C.'s purchase of preferred stock, notes, and debentures in National and State banks was purely for the purpose of protecting millions of depositors and of avoiding further destruction of property values. It has served as a great physician to thousands of sick banks which were helpless because of lack of local financial sustenance and confidence.

It is a known fact that thousands of banks could not have qualified for membership in the F. D. I. C. without R. F. C. capital, and could not now retain their membership in the F. D. I. C. without R. F. C. capital, which is necessary to meet the requirements of unimpaired capital structure. If these banks had not been able to qualify for deposit insurance, many of them would have long since been closed and their closing would have destroyed taxable values of other kinds and characters many times greater than the capital stock in the banks. Saving the depositors of these banks also gave the common stock of the banks a chance to come back and again provide taxable values. [Applause.]

There are many banks in practically every congressional district that were without capital in 1932 and 1933, and if the R. F. C. had not come to their rescue some of them would have been closed, to the great distress, inconvenience, and loss to their depositors. Taxable values would have vanished far in excess of the amount of preferred stock placed in the banks. By saving these banks we have remade value. Who, then, can truthfully say that this measure is a discrimination against the State taxing authorities?

It has been stated here that some of the banks were forced to issue preferred stock. I am certain that such a statement is without foundation. The Government provided the capital because local interests were not in a position to do so; and all of the bank-capital investments, whether in preferred stocks or capital notes and debentures, are in effect loans to the banks. Under the articles of association or agreement with the banks, they must retire the preferred stock from their earnings and recoveries. It is not, therefore, an investment as preferred stocks are generally considered, but a temporary aid to the local communities and depositors in the banks. As the preferred stock is retired, it must be replaced with common stock, all of which will be subject to taxation at the will of the States where located. We should remember that capital notes and debentures are not taxed, and, if preferred stock is taxed, it creates a discrimination.

In the light of these facts, it is hard to understand the arguments which have been advanced against this meritorious measure. Its passage will not benefit the banks which have issued preferred stock now held by the R. F. C.; but its defeat will seriously hinder, and perhaps prevent, the R. F. C. from going to the aid of other worthy institutions which are in imminent danger of collapse and failure because of impairment of capital. According to the testimony given to our committee by the distinguished chairman of the Federal Deposit Insurance Corporation, Mr. Crowley, who strongly urged the passage of this bill, there are a number of serious cases in the country which will be denied the relief they need and deserve unless this measure is passed. All of us know that the R. F. C. will not be able to continue to lend to these institutions at the present low rate if they are to be taxed anywhere from 2 to 5 percent on the stock which they own in these institutions. This, of course, means that they will have to charge institutions in distress 5, 6, and 7 percent for this money, which will impose an almost prohibitive burden upon a convalescing institution. That is exactly what will happen if this exemption is not voted into these securities.

Mr. PETTENGILL and Mr. SOUTH rose.

Mr. HANCOCK of North Carolina. I yield first to the gentleman from Indiana.

Mr. PETTENGILL. I understood the gentleman to say that he holds that Government instrumentalities or Government-owned corporations are exempt from local taxation.

Mr. HANCOCK of North Carolina. They can certainly invoke that right.

Mr. PETTENGILL. Then if the H. O. L. C. forecloses on a piece of home property, or if the Farm Mortgage Corporation forecloses on a piece of farm property, would the gentleman exempt such property from the payment of taxes to support schools, and so on?

Mr. HANCOCK of North Carolina. I have made no such statement.

Mr. PETTENGILL. What is the distinction?

Mr. HANCOCK of North Carolina. I shall be glad to define the distinction in just a few minutes. The gentleman, of course, knows that any real estate owned or acquired by the R. F. C. was expressly made the subject of ad valorem taxes in the community where located under the language of section X of the act referred to a few minutes ago.

Mr. HOLLISTER. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I gladly yield.

Mr. HOLLISTER. I should like to suggest to the gentleman, in answer to the question of the gentleman from Indiana, that the essential difference between this case and the case he submits is that in the case of the H. O. L. C. or in any other case where property owned by a Government instrumentality is already on the tax books, removing such property from the tax books would be taking away revenue which already existed. But in this case, in every instance, as the gentleman from North Carolina has so convincingly pointed out, there has been new capital put into the community, which has created a new kind of property not previously on the tax books.

Mr. HANCOCK of North Carolina. I thank my friend from Ohio, who has answered, I am sure, the gentleman's question more clearly than I could have done.

Of course, there are none of us here who would deprive any of the States or smaller subdivisions of their legitimate taxable values. Personally I do not believe that there is a taxing authority in the United States that would have thrown any obstacle or stumbling block in the way of the R. F. C. in its constructive effort to protect the community in keeping

open or reorganizing its financial institutions. The people in this country know that the R. F. C. has been a friend to practically every eligible worthy financial institution in trouble, and I should hate to think that any Member of this House would for some small, petty, prejudicial reason reflect upon its great record in placing the institutions of our Nation on a sound and solid foundation.

In trying to prevent this Corporation from being crippled in its relief operations, let us not forget the conditions which faced us in 1932 and 1933. In my judgment there is hardly a community in the entire Nation whose citizenship has not been directly benefited as a result of its operations. Who is there among us here who would have touched a share of new bank stock in 1933 with a 20-foot pole? Why are our banks in such healthy and strong condition today? Every man here knows that the answer lies in the able and effective assistance rendered these institutions through the R. F. C. and the F. D. I. C. Their work constitutes a marvelous and unprecedented accomplishment in which every citizen of the United States should take a just pride. Their work is, of course, not complete; and I therefore urge upon the membership of this House to seriously ponder the issue before us at this hour before they turn thumbs down on this measure. I have the utmost confidence in the composite judgment of our committee and in the recommendation of the distinguished Chairman of the Reconstruction Finance Corporation. For these reasons, together with my own as the result of a careful study of this measure, I shall cast my vote for it. [Applause.]

Mr. HOLLISTER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman and Members of the Committee, after that very persuasive and convincing statement by my colleague on the Banking Committee [Mr. HANCOCK], it is scarcely necessary for anything more to be said in defense of the bill.

I want to say that the State of Illinois has a particular interest in the pending bill. The Reconstruction Finance Corporation has invested in the banking institutions in the State of Illinois at the present time something in excess of $72,000,000. If the State were permitted, at the ordinary rate that pertains there, to tax the R. F. C., it would amount to two and a half million dollars, which is far in excess of the interest that any other State in the Union might have in the pending legislation.

I assume that the gentleman from Texas, in the statement he made earlier in the day, was particularly interested in saving the entire assets of these banks in his own State so far as might be taxed for the benefit of the State, rather than for the benefit of the Government.

May I say that so far as the loss of revenue is concerned, take an outstanding example of a bank in Chicago. When the Reconstruction Finance Corporation bought into the largest bank in Chicago, the common stock of that bank was selling for $24 a share.

Mr. McFARLANE. Which bank?

Mr. DIRKSEN. I think the Continental.

Mr. McFARLANE. Will the gentleman yield for a question?

Mr. DIRKSEN. Let me finish, and then the gentleman can carry on from there. The statement that Jesse Jones made to Senator COUZENS with respect to that bank as printed in the RECORD shows that the common stock of that bank is now selling for $174 a share, an appreciation of $150, which means an appreciation in the common stock of $112,500,000 of taxable value, so far as the State of Illinois is concerned. If we can tax the common stock, and we have an additional enhanced value of $112,500,000 that can be seized upon by the tax assessor of Cook County, certainly we will not be so niggardly as to contend that here is something that ought to be preserved for the States that involves only two and a half million dollars as against $112,000,000.

Mr. MAY. Is that the bank known as the Dawes Bank?

Mr. DIRKSEN. Oh, let us not go into that.

Mr. MAY. I am asking for information.

Mr. DIRKSEN. I shall not answer the question, because it is quite beside the point. It may be drawing a red herring across the trail.

Mr. MAY. If the gentleman is correct, that the stock of the bank went from $24 a share up to $174 a share, can the gentleman tell any reason why they should not pay taxes on stock that increases so valuable for tax purposes to the local authorities in the city of Chicago?

Mr. DIRKSEN. I am speaking of the common-stock appreciation, not the preferred-stock appreciation. As for the preferred stock and the right of the R. F. C. to be exempt insofar as those subscriptions to preferred stock are concerned, I simply follow the contentions made by my colleagues on the Banking Committee, that it is essentially a Government instrumentality which was not created for the purpose of profit but rather to give solvency to the lending institutions in every community in the United States, and by doing so they have not only improved the value of common stock but they have done considerable for real-estate values and everything else. So far as the argument is concerned that we are taking out of valuation for State taxing purposes a large measure of property, it does not hold water.

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

Mr. DIRKSEN. Yes.

Mr. McFARLANE. Since this question of Chicago has come into it and the Dawes Continental Bank——

Mr. DIRKSEN. Remember, no red herring.

Mr. McFARLANE. Oh, yes; and since the stock has been increased in value, and since the salaries in all those banks have increased, and, for instance, Mr. Cummings was drawing $15,000 and now draws $75,000 from this bank——

Mr. DIRKSEN. Oh, let us leave him out of it.

Mr. McFARLANE. He was in it in a big way in the Senate debate yesterday.

Mr. DIRKSEN. It has no relation to the bill pending, and the gentleman has no right to bring that into this discussion, and he knows it.

Mr. McFARLANE. I have all the right that any Member of Congress has, and if these banks can pay these additional salaries why can they not pay taxes on the stock that you are trying to exempt under this bill?

Mr. DIRKSEN. Why insist on befogging the issue by bringing in Mr. Cummings? I might feel precisely the same as the gentleman does about Mr. Cummings and about the high salaries he is receiving, but that has nothing whatsoever to do with this bill.

Mr. McFARLANE. It has, because it is indicative of the whole question.

Mr. DIRKSEN. It may prejudice Members and is brought here for the purpose of obscuring the real purpose of this bill.

Mr. MAY. On the gentleman's own statement that the property values increased very largely in the community where these loans had been made by the R. F. C., will the gentleman agree with me that if the loans held by the banks on all this property under other loans have been secured, then they can afford to pay taxes against all the other loans?

Mr. DIRKSEN. I do not know that I understand the gentleman's involved question, but a lot of this preferred stock that we refer to in the provisions of the pending bill was created after the R. F. C. began to function and after it was given authority in the Emergency Banking Act in 1933 to subscribe for this stock, so that in dollars and cents the States are losing absolutely nothing and have the benefit of the appreciated values in common bank stock. That is the long and the short of it. The States are losing nothing, and I am going to vote for this bill. [Applause.]

Had the R. F. C. never been created and vested with authority to subscribe to preferred shares of national banks, millions of existing preferred shares at the time of the banking emergency would have remained worthless and without taxable value to the States, and other millions of new preferred shares to which the R. F. C. subscribed would never

have been issued. It was this function and authority of the R. F. C. which brought such preferred shares into being, and it knocks the arguments of the opponents of this measure into a cocked hat.

If it was contemplated that the R. F. C. should continue indefinitely as a normal arm of the Government, there might be some virtue in the contentions of those who now envision it as an intruder upon the province of the States. It is not so contemplated. It is essentially an emergency agency. It should go out of business when its work is done, but so long as its services are required, it remains for the Congress to protect it and facilitate its work.

What good would be accomplished by defeating this measure? If you permit States to tax a Government agency to the point where it must raise interest rates to all borrowers to overcome the item of taxes in its cost of operations, by so doing you defeat the very purpose of the R. F. C.

How strange that heretofore nobody has contested the authority and the right of the R. F. C. to subscribe to capital stock, capital notes, debentures, and so forth, without paying taxes thereon. To be logical, the opponents of this measure should tax every function of the R. F. C., and thus tax it out of business. That, indeed, would be a most singular attitude to take toward an agency which has sought to serve banks, insurance companies, railroads, and many other enterprises to preserve their securities against further depreciation and the evil consequences that would be visited upon the small holders of such securities.

The bill is proper, it is logical, it is in accord with court decisions, and should be passed.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I am sure we all listened very attentively to the remarks of the gentleman from Texas [Mr. PATMAN], but I rather thought his remark that the bill was a sort of "pork barrell" bill, was indeed in bad taste. I say that advisedly. Let us see what there is of "pork barrell" in the Reconstruction Finance Corporation. Since the gentleman made his remarks, I have discovered that his own district has been greatly benefited by the Reconstruction Finance Corporation. Just pause a moment and let these figures sink in. In 11 Texas counties, comprising Mr. PATMAN's district, I am informed by the Reconstruction Finance Corporation that, to protect the interests of depositors, the Reconstruction Finance Corporation has made loans of $937,695 to banks, trust companies, and building-and-loan associations; and it has purchased $670,000 in preferred stock and debentures of banks in those counties, in an effort to increase their capitalization and so provide for an adequate margin of safety for deposits placed in the banks by the people of those counties.

Mr. PATMAN. Will the gentleman yield? How much did the gentleman say?

Mr. CELLER. I would say, in view of the gentleman's remarks—and I have a real affection for him and a high regard for his ability—that his remarks are in the nature of biting the hand that feeds him.

Mr. PATMAN. Does the gentleman mean to say we received in the First Congressional District of Texas from the R. F. C. in loans to banks of only $937,000?

Mr. CELLER. I should think that was rather adequate.

Mr. PATMAN. In other words, every time we got a dollar the Dawes bank got $100?

Mr. CELLER. That has nothing to do with it. I would say if the gentleman received in his district almost $1,000,000 from the Reconstruction Finance Corporation and Texas received in the way of preferred stock from the Reconstruction Finance Corporation almost $22,000,000, your State and your district have been treated mighty well by the Reconstruction Finance Corporation.

Let us dip into the record. Let us see the immeasurable benefits heaped upon States by the R. F. C. only in respect to the preferred stock it has bought from banks. The figure I insist on by States, first, where national-bank shares are taxed; second, where national-bank shares are not taxed; third, where tax is levied on income of national banks.

States in which national-bank shares are taxed

State	Investment of Reconstruction Finance Corporation in national banks and trust companies	Percent of actual value at which property is assessed for taxation	Approximate annual tax rate, based on information available (per $1,000)	Approximate amount of tax per year, based on information available
Arizona	$1,340,000.00	100	$51.20	$68,608.00
Arkansas	1,275,000.00	50	52.34	33,366.75
Colorado	4,101,000.00	100	49.15	201,564.15
Delaware	137,300.00	100	2.00	274.64
Florida	1,177,500.00	50	2.00	1,177.50
Georgia	1,507,500.00	100	31.00	46,732.50
Idaho	565,000.00	67	62.23	23,557.17
Illinois	72,797,614.17	50	68.55	2,495,138.23
Indiana	6,857,980.00	100	2.50	17,144.95
Iowa	6,323,400.00	60	5.00	18,970.20
Kansas	2,190,500.00	100	41.96	91,913.38
Kentucky	3,182,350.00	100	13.00	41,370.55
Maryland	2,607,540.00	100	12.20	31,811.98
Michigan	17,680,610.00	100	31.97	565,249.10
Minnesota	11,211,000.00	33⅓	108.00	403,596.00
Missouri	4,217,125.00	60	32.05	81,095.31
Montana	1,061,000.00	30	70.00	22,281.00
Nebraska	4,842,450.00	100	10.00	48,424.50
Nevada	175,000.00	100	41.14	7,199.50
New Mexico	401,000.00	100	43.40	17,283.40
North Carolina	1,317,500.00	100	18.49	24,360.57
North Dakota	1,897,000.00	50	65.23	61,870.65
Ohio	22,828,073.00	100	2.00	45,656.15
Pennsylvania	19,394,886.50	100	4.00	77,579.54
Rhode Island	648,500.00	100	4.00	2,594.00
South Carolina	1,505,000.00	100	90.08	135,570.40
South Dakota	2,748,000.00	100	4.00	10,992.00
Tennessee	7,790,000.00	100	22.98	179,014.20
Texas	21,969,625.00	75	43.01	714,685.18
Virginia	3,043,900.00	100	10.00	30,439.00
West Virginia	2,416,066.66	100	5.47	13,215.88
Total	229,209,420.33			5,512,736.38

States in which national-bank shares are not taxed

Louisiana	$4,340,000.00
Maine	2,455,600.00
Mississippi	2,629,000.00
New Hampshire	501,635.00
New Jersey	28,648,575.82
Utah	1,250,000.00
Vermont	497,500.00
Washington	2,062,500.00
Wisconsin	14,573,850.00
Wyoming	565,000.00
Total	57,523,660.82

Territories (no tax information available)

Alaska	$37,500.00
Virgin Islands	125,000.00
Total	162,500.00

Summary

	R. F. C. investment	Amount of tax
Taxable	$229,209,420.83	$5,512,736.38
Not taxable	57,523,660.82	
Tax paid by bank (income)	173,173,266.83	
No information available (Territories)	166,500.00	
Total	460,068,847.98	5,512,736.38

States in which tax is levied on income of national banks

Alabama	$6,612,400.00
California	16,716,925.00
Connecticut	3,698,426.00
District of Columbia	1,100,000.00
Massachusetts	9,190,800.00
New York	126,249,715.83
Oklahoma	8,902,500.00
Oregon	702,500.00
Total	173,173,266.83

Notice Illinois received $72,797,614 of new money; Michigan received $17,680,610 of new money; Ohio received $22,828,073 of new money; Pennsylvania received $19,394,886 of new money; Texas received $21,969,625 of new money, to give you only a few. Certainly Representatives from those States cannot vote against this bill and in any sense show gratitude.

We are not taking anything from any State. We gave them prosperity, money, proceeds of the preferred stock, which they did not have before. Why place a penalty of taxation upon the R. F. C. for thus rescuing these States? That would add insult to injury.

As I see this situation, when we passed the act on March 24, 1933, we specifically stated:

The Corporation—

Meaning the R. F. C.—

including its franchise, capital, reserves, and surplus, and its income, shall be exempt from all taxation.

I will wager anyone that it was the studied purpose and intention, not only of the Committees on Banking and Currency of both Houses, but of all Members on this floor, when they voted for that bill, to exempt from taxation the preferred stock that it might hold in the various national banks. All we do today is to correct that error pointed out by the Supreme Court, namely, when it stated that because we did not specifically mention preferred stock, this situation was created, and preferred stock is not immune from State tax. Now, if it is an attempt to correct that inadvertence, why all this hullabaloo about tax-exempt securities, salaries of various officials of the banks benefited, and so forth? What difference does it make as to the principle underlying this proposition, what salary is paid to Mr. Cummings, to Mr. Jones, or to Mr. Smith? If there are 6,000 banks benefited by the Reconstruction Finance Corporation by way of preferred stock because a few or many officials are receiving high salaries, what difference does that make? That is not the situation throughout the length and breadth of the land in connection with these 6,000 banks that have been benefited. I can see no connection between the salaries paid and the question whether States shall tax preferred stock but not the franchise and other property of the R. F. C. By the same token of reasoning, I can see nothing comparable in the matter of tax-exempt securities and this item in this bill.

In the case of tax-exempt securities, the securities are issued by the Government. In the case of the R. F. C., an agency of the Government does not issue stock, but simply holds by purchase the preferred stock of the national banks.

In the case of tax-exempt securities, the exemption is permanent during the life of the securities. In the other case the exemption is held only so long as the preferred stock is held by the R. F. C. The R. F. C. could sell the stock. The vendee would not be exempt from payment of taxes.

The amount of preferred stock held by the R. F. C. today in national banks is $229,000,000. The tax this bill seeks to save is $5,512,000, a tidy sum.

Seventeen States do not tax the preferred stock of national banks held by the R. F. C. The other States do. This bill would eliminate such discrimination.

In numerous States also you have an anomalous situation because of local statutes whereby there is no tax on preferred stock of State banks held by the R. F. C. but on the contrary, by virtue of those statutes, there is a tax on the preferred stock of the national banks held by the R. F. C. This bill again would remove such discrimination and place all States upon a parity.

Inherently States cannot tax instrumentalities and property of the Government or property of those instrumentalities. Inherently States cannot tax national-bank stock. We can waive the immunity and we have done so. Only by grace of Congress can the States tax. We now have by this bill withdrawn the immunity heretofore given.

The best argument I know for this bill is that Jesse Jones, the distinguished Chairman of the R. F. C., and his Board, request passage of the bill. I agree with the senior Senator of Virginia that the R. F. C. is the best managed governmental agency. The word of those in charge of such agency is entitled to most respectful consideration. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired; all time has expired.

The Clerk read as follows:

Be it enacted, etc., That section 304 of the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, as amended, be further amended by adding at the end thereof the following:

"Notwithstanding any other provision of law or any privilege or consent of tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares of preferred stock, capital notes, and debentures of State banks and trust companies, heretofore or hereafter acquired by Reconstruction Finance Corporation, and the dividends or interest derived therefrom by the Reconstruction Finance Corporation, shall not, so long as Reconstruction Finance Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency, or possession thereof, or the District of Columbia, or by any State, county, municipality, or local taxing authority, whether now, heretofore, or hereafter imposed, levied, or assessed, and whether for a past, present, or future taxing period."

Mr. GOLDSBOROUGH. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. GOLDSBOROUGH: Page 1, line 8, after the word "consent", strike out the word "of" and insert in lieu thereof the word "to."

The amendment was agreed to.

Mr. GOLDSBOROUGH. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. GOLDSBOROUGH: Page 2, line 9, after the word "authority", strike out the words "whether now, heretofore, or."

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we have a very interesting spectacle of the gentleman from Maryland being caught in a wedge. On one side he is advocating that we pass a bill in order to meet a recent decision of the Supreme Court in a case brought by his own State, and then in the next breath he comes here as an individual member of the committee and offers an amendment to exempt his State from the retroactive provisions of the law.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. McCORMACK. The gentleman wants his State to collect the $27,000?

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. McCORMACK. Certainly.

Mr. GOLDSBOROUGH. I am not trying to do what the gentleman says at all.

Mr. McCORMACK. If not, I should like to be enlightened, and I am sure every other member of the committee would like to be enlightened.

Mr. GOLDSBOROUGH. I will do that if the gentleman will give me a chance. The situation is simply that in Maryland the tax has actually been levied.

Mr. McCORMACK. That is only a technicality. It has not been collected, has it?

Mr. GOLDSBOROUGH. Yes; in part.

Mr. McCORMACK. Has the Federal Government paid the money?

Mr. GOLDSBOROUGH. No; but many of the banks have paid the tax to the State.

Mr. McCORMACK. And the gentleman wants his State to retain this money and get the benefit of it, and every other State to be affected by the pending legislation?

Mr. PATMAN. Will the gentleman yield?

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

Mr. PATMAN. If this act is passed, the banks that have already paid the tax will be reimbursed from the United States Treasury.

Mr. McCORMACK. I will make no more reference to the amendment. I shall come now to the fundamentals of the measure.

Mr. Chairman, I agree with everything the gentleman from North Carolina [Mr. HANCOCK] said about the R. F. C. I agree with everything that the gentleman from Texas [Mr. CROSS] said. I agree with everything the gentleman from Wisconsin and those on the Republican side said about the great work done by the R. F. C., but the fact remains that the R. F. C. was incorporated by an act of Congress. It is a private corporation. The Federal Government, it is true, is the sole stockholder. It had, and has, great objectives. It has done a great job. On the other hand, in relation to buying preferred stock, it enters into the private field. It enters into the private field just the same as an individual who is purchasing the same stock, and there is no reason why

the Federal Government, through an instrumentality, should be exempt under such circumstances and an individual who owns shares of the preferred stock subject to State taxation.

Mr. GIFFORD. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. I wonder what the gentleman's attitude is going to be so far as the processing tax is concerned?

Mr. McCORMACK. The gentleman always brings in something that is about 10,000,000 light-years away from the subject we are discussing. Let me say to the gentleman that I voted against the processing tax. Now, I yielded for a pertinent contribution and not for a political contribution. I refuse to yield further to the gentleman.

Mr. DIRKSEN. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Illinois.

Mr. DIRKSEN. May I say to the gentleman from Massachusetts that the R. F. C. did not enter into competition with individuals in connection with the purchase of this preferred stock. The Government went in and bought this preferred stock when individuals would not buy it, and the Government had to do so in order to save these banks.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. It is true, nevertheless, that the R. F. C. is going to collect whatever dividends may be declared on this preferred stock?

Mr. McCORMACK. That is the whole thing right there.

Mr. CHRISTIANSON. And, collecting the dividends, they should be obliged to pay the tax?

Mr. McCORMACK. That is absolutely true. Furthermore, there is a question of States' rights involved here. We talk about taxation and consider taxation today only from the angle of the Federal Government. What about the taxing power of the States? What rights have the States in the exercise of their taxing power? We have no greater right than those which have been given to the Federal Government by the sovereign States of this Union; and the sovereign States of the Union have reserved to themselves the power of taxation, except insofar as they have either expressly or by implication delegated that power to the Federal Government.

[Here the gavel fell.]

Mr. McCORMACK. I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MAY. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Kentucky.

Mr. MAY. If we invade the power of the States to levy local taxes to this extent, why can we not do it all along the line?

Mr. McCORMACK. That is it. There is a constitutional question raised in this bill as to whether or not we have the power to prohibit a sovereign State from exercising the power of sovereignty which it has expressly reserved to itself under the Constitution. I think the whole question could be made to rest on whether the Federal Government has the power to preclude and prohibit a State government from exercising its sovereignty with reference to the power of taxation, which it reserved to itself under the Constitution.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. That is precisely the question which the Supreme Court decided adversely to the gentleman's contention in the case decided by them just a few weeks ago.

Mr. McCORMACK. I respect the gentleman's opinion, but I do not agree with him. I am in disagreement with him in reference to that matter.

Mr. Chairman, this is a very important question. If we can give the Federal Government the power to prevent States from levying taxes in this instance, we are doing something which is likely to bring about conditions that will create indirectly, without a constitutional amendment, a National Government, as distinguished from a Federal Government. The dual system of government under which we are operating compels us to consider these questions differently than other countries. In the consideration of this bill we have to consider the rights of a State government, as contrasted with the rights of the Federal Government. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. GOLDSBOROUGH].

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 2, noes 67.

So the amendment was rejected.

Mr. BROWN of Michigan. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Michigan:

SEC. 2. That, effective upon the date of enactment of this act, interest charges on all loans by the Reconstruction Finance Corporation to receivers and liquidating agents of closed banks and trust companies now in force or made subsequent to the date of enactment of this act shall be reduced from 4 percent per annum to 3½ percent per annum: *Provided*, That the rate of interest charged all debtors of such banks and trust companies in liquidation shall in no case exceed by more than 1½ percent per annum the rate of interest paid by such bank or trust company to Reconstruction Finance Corporation: *Provided, also*, That no provision of this act shall be construed to authorize a reduction in the rate of interest on such loans by the Reconstruction Finance Corporation retroactive from the date of enactment of this act.

Mr. BROWN of Michigan. Mr. Chairman, this amendment does two things. In the first place, it provides for reduction of the rate of interest paid to the Reconstruction Finance Corporation by closed banks in liquidation to a rate equal to that being paid by open banks to the Reconstruction Finance Corporation. The rate of interest charged by the Reconstruction Finance Corporation to open banks at the present time is 3½ percent, and I can see no sound or logical reason why the same rate should not apply to closed banks or banks in liquidation.

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

Mr. BROWN of Michigan. I yield.

Mr. CELLER. Does the gentleman think we should have the right to dictate to the banks the amount of interest they may charge their depositors, which always depends upon local conditions?

Mr. BROWN of Michigan. I will say to the gentleman that this does not apply to open banks. It only applies to closed banks or banks in process of liquidation.

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

Mr. BROWN of Michigan. I yield to the gentleman from Michigan.

Mr. MICHENER. Is this the Vandenberg amendment that was offered in the Senate?

Mr. BROWN of Michigan. This is the Vandenberg amendment with an addition regarding the rate of interest to be charged by the receivers of closed banks to their debtors.

I think it is very clear that there is no reason why we should not extend the same privilege to closed banks that we do to open banks. Perhaps it might be argued that as a question of good, sound banking, an open bank is a better credit risk than a closed bank, but nevertheless the social argument impels me to the view that we ought to help these people, and I may say that the security held by the R. F. C. is so ample that there is very little likelihood of loss.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Texas.

Mr. PATMAN. Does the gentleman seriously contend that this amendment is germane to this bill?

Mr. BROWN of Michigan. I may say to the gentleman that it is too late to make any point of that kind.

Mr. PATMAN. The gentleman did not have any understanding with the other members of the committee that a point of order would not be made.

Mr. BROWN of Michigan. I have no understanding with anybody about this amendment, although I discussed it with several members of the committee. I do not yield further to the gentleman.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. MAY. I understand the gentleman's amendment simply to mean that where a receiver is in charge of a bank in liquidation the gentleman is requiring the R. F. C., if it lends money to that receiver, to charge the same rate it would to a bank that is open.

Mr. BROWN of Michigan. Yes.

On the other proposition involved there has been very little said here about a rather unfortunate class of people. These are the people who are indebted to closed banks. They are not in the same position as men who are indebted to open banks, because, as a general proposition, it is the purpose of the receivers to collect, and they are not able to renew notes as people are in open banks. It seems to me that if the Reconstruction Finance Corporation was lending money at the rate of 3½ percent, the receivers ought not to be permitted to charge more than a reasonable rate of interest, and I fixed this rate at 5 percent. Understand these banks are not going banks. They are not going to continue in existence for a very long period of time, and I think that the head of the Reconstruction Finance Corporation and the active chairman of the Committee on Banking and Currency are with me in this proposition.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. FITZPATRICK. Assuming the gentleman's amendment is carried, persons who have borrowed from closed banks, instead of paying 6 percent will pay 5 percent?

Mr. BROWN of Michigan. If they are paying 5 percent or more at the present time. It would not affect those paying below 5 percent.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Ohio.

Mr. FIESINGER. The gentleman's amendment would not be retroactive in any way?

Mr. BROWN of Michigan. No.

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

Mr. BROWN of Michigan. I yield to the gentleman from Michigan.

Mr. MAPES. And, of course, it would not apply to any new loans, because they are not making any new loans. The amendment, in other words, would simply apply to old indebtedness.

Mr. BROWN of Michigan. Yes; it would only apply to loans of that kind.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not understand just exactly what is going on here. A while ago the chairman of the committee offered an amendment that would permit the State of Maryland to collect the tax but would not permit the other States, counties, and cities to collect the tax. Of course, that amendment was defeated, and now a member of the committee offers an amendment which is clearly out of order on account of not being germane, yet no member of the committee makes the point of order or raises the question. I presume the amendment must be favored by the members of the committee, but it is outside of the scope of the bill we have before the House at this time. It relates to an entirely different matter.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BROWN of Michigan. Would not the gentleman conclude from the fact that no Member made the point of order of germaneness that the committee is in favor of the amendment as submitted?

Mr. PATMAN. This is a "pork barrel" bill, anyway. It is just a bankers' bonus bill and that is all it is, and I do not know whether you have made a canvass around and decided you needed a few extra votes and decided that if you bring in this amendment without objection, although it is clearly out of order, you would probably bring in a few more votes for the bill.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. CAVICCHIA. The gentleman speaks of the bankers' bonus. What are the bankers getting out of this?

Mr. PATMAN. If the gentleman from New Jersey does not know, I cannot tell him in 5 minutes. What do the bankers get out of the bills that the gentleman from New Jersey usually votes for? When you see him vote for a bill, the bankers have got something in it. [Laughter.] The Reconstruction Finance Corporation sells the stock, pays dividends on the stock, charges 3½ percent, and now you want to relieve them from paying taxes.

The chairman of the Committee on Banking and Currency states that the tax has already been paid in his State. If this bill becomes a law the bankers will go to the Federal Treasury and get reimbursement for what they have paid. If I am mistaken in that, I want somebody to say that I am wrong.

Mr. CAVICCHIA. I will say that the gentleman is wrong.

Mr. PATMAN. The gentleman says that because he and I always differ. [Laughter.] The fact is if this bill becomes a law, where the banks have already paid the tax they will be reimbursed. That is a fact.

Mr. WILLIAMS. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. WILLIAMS. Does the gentleman know of any State where the tax has been paid?

Mr. PATMAN. The chairman of the committee [Mr. GOLDSBOROUGH] said that the tax had been paid in his State.

Mr. WILLIAMS. Can the gentleman give us any State that has taxed this stock, outside of the State of Maryland?

Mr. PATMAN. Well, I am taking the printed record.

Mr. WILLIAMS. I want to say that there has not been a single State, outside of Maryland, that has taxed this stock.

Mr. PATMAN. The States and counties and municipalities have been waiting for the Maryland decision. They are waiting for the Congress of the United States to say whether constitutionally they will be deprived of taxing local property that is used for private profit.

Mr. BIERMANN. Mr. Chairman, I move to strike out the last word. I rise to ask the chairman of the committee a question. In his remarks a short time ago he made incidental reference to an old superstition regarding the French Republic's charging rent to the American soldiers occupying the combat trenches. The gentleman did not seriously mean that?

Mr. GOLDSBOROUGH. I seriously meant that if you charge the Reconstruction Finance Corporation a tax, when it was created for the sole purpose of helping these communities, it is equivalent to that.

Mr. BIERMANN. But the gentleman did not want the RECORD to indicate that he, as a Member of this body, believed in that superstition that the French Government charged the American Government for the rent of trenches on the front.

Mr. GOLDSBOROUGH. I did not say that at all. I said there would be as much sense in charging the Reconstruction Finance Corporation a tax on the shares of preferred stock they own in national banks as there would have been for the French Republic to have charged the Americans for the trenches they occupied at the front.

Mr. BIERMANN. I thoroughly agree with the gentleman, and I am going to vote for the bill, but I just wanted to ask the gentleman if he wanted to have the RECORD indicate——

Mr. GOLDSBOROUGH. I never heard of the superstition. That was my own idea.

Mr. BIERMANN. I want to say there is no truth in it at all.

Mr. PIERCE. Was there any rent asked or charged by the French Government for the use of any land?

Mr. BIERMANN. Land in the rear where training was going on, but the superstitution has persisted that the French Republic charged the American soldiers rent for the trenches while in combat, and there is not a word of truth in it.

Mr. PIERCE. How far did the charges go?

Mr. BIERMANN. For training areas.

Mr. McFARLANE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. Is it too late to raise the point of order of germaneness of this amendment?

The CHAIRMAN. It is.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words. I do not believe that the intimation of the gentleman from Texas [Mr. PATMAN] ought to pass without some challenge when he confesses that he is in some bewilderment and fog as to the procedure of the committee in not making a point of order against the amendment of my colleague the gentleman from Michigan [Mr. BROWN], because it is not germane, in his estimation, to the substance of the bill, and secondly, his confession that he does not know what is going on because of the Goldsborough amendment, which, in his judgment, was at variance with the substance of the bill. I would say to the gentleman, first of all, that Mr. GOLDSBOROUGH and Mr. BROWN are offering these amendments on their own responsibility, as I understand, and the very fact that no member of the Banking Committee has made or reserved a point of order is indicative, first of all, of a happy and felicitous esprit de corps that exists among the members of the Banking Committee. We are in no mood to stifle any legislation, and we feel this case ought to be fully and fairly and freely discussed. We are willing to allow these amendments to come on the floor because we have great regard for the wisdom and perception and judgment of the House. I think, in a measure—in large measure—that will explain the reason for these amendments and the fact that no point of order was reserved.

Mr. PATMAN. The gentleman is a good parliamentarian. Is it not his judgment that this amendment is clearly out of order?

Mr. DIRKSEN. I quite agree with the gentleman.

Mr. PATMAN. And yet no member of the Banking Committee raised the point of order.

Mr. DIRKSEN. Why did not the gentleman from Texas raise the point of order?

Mr. PATMAN. We were waiting for the committee who have the leadership of the bill.

Mr. KELLER. I rise in opposition to the pro-forma amendment.

Mr. LAMNECK. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. LAMNECK. Under the rules we are entitled to 5 minutes' debate in favor of an amendment and 5 minutes in opposition to it. That time has been consumed, and my point of order is that this amendment must be voted on before we have any further debate.

Mr. KELLER. Very well; if that is the rule, I am willing to abide by it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. BROWN of Michigan) there were—ayes 43, noes 56.

So the amendment was rejected.

Mr. PETTENGILL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. PETTENGILL: Page 2, after line 11, add a new section, as follows:

"SEC. 2. This act shall cease to be in effect 2 years from the date of its enactment."

Mr. PETTENGILL. Mr. Chairman——

Mr. GOLDSBOROUGH. Mr. Chairman, I have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. PETTENGILL].

The amendment was agreed to.

Mr. McLAUGHLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McLAUGHLIN: Page 2, line 3, after the word "Corporation", insert "or the shares of preferred stock of any State bank held by the Reconstruction Finance Corporation as collateral to any loan to or for the benefit of such State bank and any dividends derived therefrom."

Mr. GOLDSBOROUGH. Mr. Chairman, the committee has no objection to the amendment.

Mr. HOLLISTER. Mr. Chairman, I would like to ask the gentleman from Maryland if he is going to say the committee has no objection to amendment after amendment, without consulting other members of the committee? I never even heard of this amendment before. I reserve a point of order against the amendment.

Mr. GOLDSBOROUGH. I beg the gentleman's pardon. I thought he understood the amendment.

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent that the amendment may again be reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment offered by the gentleman from Nebraska [Mr. McLAUGHLIN].

There was no objection.

The Clerk again reported the amendment offered by Mr. McLAUGHLIN.

Mr. HOLLISTER. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. McLAUGHLIN. Will the gentleman reserve his point of order?

Mr. HOLLISTER. If the gentleman wants to discuss the matter, I will reserve the point of order. I expect to insist upon it later, however. I do not withdraw it.

Mr. TABER. Will the gentleman yield?

Mr. McLAUGHLIN. I yield.

Mr. TABER. The amendment which the gentleman has offered, if it were germane, would create discrimination between stockholders in national banks who have pledged their stock to the Reconstruction Finance Corporation and stockholders of State banks who have pledged their stock to the Reconstruction Finance Corporation?

Mr. McLAUGHLIN. I think if the gentleman will permit me to explain the situation, that will be ironed out.

Mr. Chairman, this amendment, which affects particularly the State which I represent, the State of Nebraska, is intended to put the State banks of Nebraska in the same position as State banks in other States. I am not here to argue in favor of the passage of the bill. I am merely here to offer an amendment, which, if the bill is passed, will put the State banks of the State of Nebraska in the same favorable position regarding taxation as that now enjoyed by the State banks of other States.

Mr. WOLCOTT. Will the gentleman yield?

Mr. McLAUGHLIN. I yield.

Mr. WOLCOTT. Does the gentleman not think that is a matter for the State Legislature of Nebraska rather than for the Congress of the United States?

Mr. McLAUGHLIN. No; I do not believe so. It is a situation which is a practical one. Under the constitution of the State of Nebraska, double liability is imposed upon the holders of preferred stock in State banks.

In view of that situation, the Reconstruction Finance Corporation refused to purchase any of the preferred stock of the State banks in the State of Nebraska. That being the situation, it was necessary for the State banks, under an agreement with the Reconstruction Finance Corporation, to issue the preferred stock to an individual and to have that individual make application for a loan, based upon that stock as collateral, to the Reconstruction Finance Corporation. That plan was carried out, but the resulting situation is that the stock held by the individual is taxed, whereas if the stock were held by the Reconstruction Finance Corporation, it would not be taxed if this bill should be passed.

This amendment is merely intended to remove a discrimination and allow State banks of Nebraska to be freed from taxes on preferred stock which, in reality, is owned by the Reconstruction Finance Corporation in the same manner as State banks in all other States are freed from such taxes. The provision of the State constitution makes it necessary that the stock be held by an individual rather than by the Reconstruction Finance Corporation.

Mr. SNELL. Will the gentleman yield for a question?

Mr. McLAUGHLIN. I yield.

Mr. SNELL. What about the man who borrows money to buy preferred stock in a national bank?

Mr. McLAUGHLIN. I am not aware that the double liability exists in the case of preferred stock in national banks.

Mr. SNELL. But he would have to pay the full rate of interest in taxes on his bank stock as a whole. You are creating another special class, it seems to me, by your amendment.

Mr. McLAUGHLIN. I do not so construe it, with all due respect to the distinguished gentleman from New York, for the reason that this situation does not exist in the case of national banks. In fact, it does not exist in the case of State banks, except in States like Nebraska, which happen to have a constitutional provision making impossible, in practice, the purchase of preferred stock in State banks by the Reconstruction Finance Corporation.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. McLAUGHLIN. Mr. Chairman, I take the position that the amendment is perfectly in order. It is germane to the subject of the bill itself.

Mr. HOLLISTER. May I be heard on the point of order, Mr. Chairman?

The CHAIRMAN. The Chair will hear the gentleman from Ohio.

Mr. HOLLISTER. Mr. Chairman, this bill is a bill relating to the taxation of shares of preferred stock, capital notes, and debentures of banks while owned by the Reconstruction Finance Corporation. The amendment offered by the gentleman from Nebraska is to exempt certain securities when pledged with the Reconstruction Finance Corporation. The ownership of stock, notes, and debentures is an essentially different thing from the pledging of stocks, notes, and debentures. The bill is a bill providing for exemption from taxation of stocks, notes, and debentures when owned. The amendment is to exempt them when pledged with the Reconstruction Finance Corporation, an entirely different matter, and, therefore, not within the subject matter of the bill and not germane.

The CHAIRMAN. The Chair thinks the amendment opens an entirely new field that is not germane. The Chair, therefore, sustains the point of order.

Mr. PATMAN. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

By Mr. PATMAN: I move that the Committee do now rise and report the bill back with the recommendation that the enacting clause be stricken out.

Mr. PATMAN. Mr. Chairman, if we could accomplish anything by discussing this bill longer, I would not make this motion; but we see now the type of legislation we are enacting and the different types of amendments that will be offered. The amendments that have been offered are just a sample of others that will be offered. It seems that everyone wants his own State exempted from the provisions of the law.

This bill contains a bad precedent. This bad precedent is the exemption of private property from taxation. A national bank is a privately owned institution. It is owned by private individuals. It is private property; it is used for private profit. All the earnings made by a national banking institution go to the owners of the institution.

The bill under consideration, if enacted into law, would cause Congress to say to a city, a county, or any other local taxing subdivision of a State, that it can make different people pay taxes, but not the national banks. Let us consider this illustration: A national bank with a capital of $500,000 has sold half of its stock to the Reconstruction Finance Corporation. It still remains, however, a privately owned institution, the owners of which will still get the profits made by the institution. It is receiving great benefits from the Government through the low interest rate of 3½ percent. We are being asked now to vote for a bill that will not only permit them to continue receiving the 3½ percent but which will cause to be nontaxable the private property on which the loan or grant has been extended. If we were to put the farmers in the same situation that this bill places the national banks, we would lend them money on their farms at 3½ percent and then exempt their farms from local taxation. It is not sound. It is a bad precedent. It is assuming authority and jurisdiction which the Congress of the United States should not assume; it amounts to going into local communities and telling the authorities that they cannot tax this property.

As I said a while ago, the State bank with a $1,000,000 capitalization which sells its note for $1,000,000 to the Reconstruction Finance Corporation, continues to pay taxes on its capital stock the same as it always has. In the same community across the street is a national bank with a $2,000,000 capitalization. It sells $1,000,000 of stock to the Reconstruction Finance Corporation. Under this bill you are giving the national bank a 50-percent tax reduction, but you are not giving the State bank any tax reduction; you are charging them just the same. Other people who hold preferred stock in the national bank, the same kind of stock held by the Reconstruction Finance Corporation, must continue to pay local taxes, but you are going to exempt the Reconstruction Finance Corporation.

Why is this bill proposed? There is only one reason, and that is that you do not want the Reconstruction Finance Corporation to use its earnings for the purpose of paying these taxes.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, I do not propose to take any part in the discussion with reference to the merits of this bill, but I do not believe that the motion of the gentleman from Texas—and I have the greatest respect for his opinion, for I know he is a great student of financial and currency questions—should prevail. Very often I have agreed with him in his views, but here is a bill that comes to us upon the earnest request of the Chairman of the Reconstruction Finance Corporation. The Committee on Banking and Currency considered the bill. I understand hearings were held.

Mr. PATMAN. They were not printed, however.

Mr. BANKHEAD. I understand the hearings were not printed, but I imagine that was for the reason that the bill was reported unanimously by both the Democratic and Republican members of the Committee on Banking and Currency and they probably assumed, therefore, that there was no controversy with reference to its merits. The hearings were not printed, but this is not unusual under such circumstances.

Mr. KLEBERG. Mr. Chairman, will the gentleman yield right there?

Mr. BANKHEAD. I yield.

Mr. KLEBERG. This bill was also passed by the Senate, was it not?

Mr. ZIONCHECK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. ZIONCHECK. The gentleman from Texas referred to the passage of the bill by the Senate. This is no proof of the merits of the bill, and should not be mentioned in the first place. It is a reflection upon the House.

The CHAIRMAN. The gentleman has not stated a point of order.

Mr. BANKHEAD. Mr. Chairman, where there is real, genuine controversy with reference to any bill pending on the floor of the House, although it is a short cut for the disposition of it, a motion to strike out the enacting clause is not

the method whereby the real sentiment and judgment of the Members of the House can be expressed. As I say, this is a bill of much importance, affecting the financial credit of the Reconstruction Finance Corporation and its successful operation.

This is one institution that is of bipartisan origin. There are no politics involved at all in the operation of the Reconstruction Finance Corporation. It was organized under the Hoover administration, it was continued and enlarged under the Democratic administration, and I think it has accomplished great results in the rehabilitation and reestablishment of the credit and confidence of the country.

Mr. Chairman, here is a bill presented with some reason. I respect the difference of opinion of my colleagues upon it, but I trust we will not undertake to dispose of the merits of this bill on a motion to strike out the enacting clause, but let its merits be submitted to the judgment of the House upon a record vote, if necessary, as a matter of record, and let us not decide it in Committee.

Mr. PATMAN. Will the gentleman yield?

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

Mr. PATMAN. If we can secure unanimous consent to close the debate in a reasonable time, I would be inclined to withdraw the motion.

Mr. BANKHEAD. Debate on the motion will close when I conclude.

Mr. PATMAN. I mean on the bill as a whole.

Mr. BANKHEAD. I am not in position to make an agreement. I am not in charge of the bill. I am simply expressing my own opinion.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion of the gentleman from Texas.

The motion was rejected.

The Clerk read as follows:

SEC. 3. If any provision, word, or phrase of this act, or the application thereof to any condition or circumstance, is held invalid, the remainder of the act, and the application of this act to other conditions or circumstances, shall not be affected thereby.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 11047) relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by Reconstruction Finance Corporation and reaffirming their immunity, pursuant to House Resolution 427, he reported the same back to the House with sundry amendments agreed to in Committee.

The SPEAKER. Under the rule, the previous question is ordered on the bill and amendments to final passage.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. PATMAN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. PATMAN. I am opposed to the bill.

The Clerk read as follows:

Mr. PATMAN moves to recommit the bill H. R. 11047 to the Committee on Banking and Currency.

Mr. GOLDSBOROUGH. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 78, noes 102.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 111, noes 89.

Mr. PATMAN. Mr. Speaker, I make the point of order that there is not a quorum present, and I object to the vote on that ground.

The SPEAKER. The Chair will count. [After counting.] Two hundred and nineteen Members are present, a quorum.

Mr. PATMAN. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 165, nays 175, not voting 90, as follows:

[Roll No. 24]

YEAS—165

Adair	Cullen	Hobbs	Plumley
Allen	Cummings	Hollister	Rabaut
Andrew, Mass.	Curley	Jacobsen	Ramsay
Arends	Daly	Johnson, W. Va.	Ramspeck
Bankhead	Deen	Keller	Randolph
Barden	Delaney	Kenney	Rayburn
Bell	Dempsey	Kleberg	Reilly
Biermann	Dickstein	Kloeb	Richardson
Bland	Dingell	Kocialkowski	Romjue
Bloom	Dirksen	Kopplemann	Rudd
Boland	Dobbins	Kramer	Russell
Boykin	Dondero	Larrabee	Sadowski
Brooks	Doughton	Lea, Calif.	Schaefer
Brown, Ga.	Drewry	Lehlbach	Schuetz
Brown, Mich.	Driscoll	Lewis, Colo.	Sears
Buck	Duffy, N. Y.	Lewis, Md.	Seger
Burnham	Duncan	McAndrews	Sirovich
Caldwell	Eckert	McGrath	Sisson
Carmichael	Edmiston	McLaughlin	Smith, Conn.
Cary	Eicher	McLean	Smith, Va.
Casey	Englebright	McLeod	Smith, W. Va.
Cavicchia	Evans	McMillan	Snyder, Pa.
Celler	Faddis	McReynolds	Somers, N. Y.
Chandler	Farley	Maloney	Spence
Church	Ferguson	Martin, Colo.	Sumners, Tex.
Citron	Fitzpatrick	Mason	Sutphin
Claiborne	Flannagan	Meeks	Thom
Clark, N. C.	Ford, Calif.	Merritt, N. Y.	Thomason
Cochran	Gifford	Millard	Vinson, Ga.
Coffee	Goldsborough	Norton	Vinson, Ky.
Colden	Green	O'Connell	Wadsworth
Cole, N. Y.	Greenwood	O'Day	Warren
Collins	Greever	O'Leary	Welch
Cooley	Gregory	O'Neal	West
Cooper, Tenn.	Haines	Owen	Whelchel
Costello	Hancock, N. Y.	Parks	Whittington
Creal	Hancock, N. C.	Parsons	Wilcox
Crosby	Harlan	Pearson	Williams
Cross, Tex.	Harter	Perkins	Wolcott
Crosser, Ohio	Hennings	Peterson, Fla.	
Crowe	Hess	Peterson, Ga.	
Crowther	Hill, Ala.	Peyser	

NAYS—175

Amlie	Gasque	Lundeen	Rogers, Mass.
Andresen	Gilchrist	McClellan	Rogers, Okla.
Andrews, N. Y.	Gildea	McCormack	Ryan
Ashbrook	Gillette	McFarlane	Sanders, Tex.
Ayers	Gingery	McKeough	Schneider, Wis.
Barry	Goodwin	McSwain	Schulte
Beam	Granfield	Maas	Scott
Binderup	Gray, Pa.	Mahon	Secrest
Blackney	Greenway	Main	Shanley
Blanton	Griswold	Mapes	Shannon
Boehne	Guyer	Marcantonio	Short
Boileau	Gwynne	Marshall	Smith, Wash.
Brewster	Halleck	Martin, Mass.	Snell
Buckler, Minn.	Hamlin	Massingale	South
Burdick	Hart	May	Stack
Cannon, Mo.	Healey	Michener	Stefan
Cannon, Wis.	Higgins, Conn.	Mitchell, Ill.	Stubbs
Carpenter	Higgins, Mass.	Mitchell, Tenn.	Taber
Carter	Hildebrandt	Monaghan	Tarver
Cartwright	Hill, Knute	Moran	Taylor, S. C.
Castellow	Hoffman	Moritz	Taylor, Tenn.
Christianson	Holmes	Mott	Terry
Colmer	Hook	Murdock	Thompson
Cooper, Ohio	Hope	Nelson	Thurston
Cravens	Houston	Nichols	Tinkham
Crawford	Huddleston	O'Brien	Tobey
Darden	Hull	O'Malley	Tolan
Darrow	Imhoff	Patman	Treadway
Dies	Johnson, Okla.	Patterson	Turner
Ditter	Johnson, Tex.	Patton	Umstead
Dorsey	Jones	Pettengill	Wallgren
Doxey	Kahn	Pierce	Wearin
Duffey, Ohio	Kelly	Pittenger	Weaver
Dunn, Miss.	Kennedy, Md.	Polk	Werner
Dunn, Pa.	Kinzer	Powers	White
Eagle	Kniffin	Rankin	Wigglesworth
Eaton	Knutson	Ransley	Wilson, La.
Ekwall	Lambeth	Reece	Wolfenden
Engel	Lamneck	Reed, Ill.	Wolverton
Fiesinger	Lanham	Reed, N. Y.	Wood
Fletcher	Lemke	Rich	Woodruff
Focht	Lord	Robertson	Young
Ford, Miss.	Luckey	Robinson, Utah	Zioncheck
Fulmer	Ludlow	Robsion, Ky.	

NOT VOTING—90

Bacharach	Disney	Kerr	Sabath
Bacon	Dockweiler	Kvale	Sanders, La.
Beiter	Doutrich	Lambertson	Sandlin
Berlin	Driver	Lee, Okla.	Sauthoff
Bolton	Ellenbogen	Lesinski	Scrugham
Boylan	Fenerty	Lucas	Starnes
Brennan	Fernandez	McGehee	Steagall
Buchanan	Fish	McGroarty	Stewart
Buckbee	Frey	Mansfield	Sullivan
Buckley, N. Y.	Fuller	Maverick	Sweeney
Bulwinkle	Gambrill	Mead	Taylor, Colo.
Burch	Gassaway	Merritt, Conn.	Thomas
Carlson	Gavagan	Miller	Tonry
Chapman	Gearhart	Montague	Turpin
Clark, Idaho	Gehrmann	Montet	Underwood
Cole, Md.	Gray, Ind.	O'Connor	Utterback
Connery	Hartley	Oliver	Walter
Corning	Hill, Samuel B.	Palmisano	Wilson, Pa.
Cox	Hoeppel	Pfeifer	Withrow
Culkin	Jenckes, Ind.	Quinn	Woodrum
Dear	Jenkins, Ohio	Richards	Zimmerman
DeRouen	Kee	Risk	
Dietrich	Kennedy, N. Y.	Rogers, N. H.	

So the bill was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. Lucas (for) with Mr. Carlson (against).
Mr. Boylan (for) with Mr. Wilson of Pennsylvania (against).
Mr. Maverick (for) with Mr. Withrow (against).
Mr. Kennedy of New York (for) with Mr. Culkin (against).
Mr. Gavagan (for) with Mr. Lambertson (against).

General pairs:

Mr. Burch with Mr. Bacharach.
Mr. Corning with Mr. Jenkins of Ohio.
Mr. Oliver with Mr. Merritt of Connecticut.
Mr. Buchanan wth Mr. Stewart.
Mr. Beiter with Mr. Fish.
Mr. Mansfield with Mr. Bolton.
Mr. Richards with Mr. Hartley.
Mr. Steagall with Mr. Bacon.
Mr. Woodrum with Mr. Hope.
Mr. Mead with Mr. Buckbee.
Mr. O'Connor with Mr. Doutrich.
Mr. Montague with Mr. Gearhart.
Mr. Miller with Mr. Fenerty.
Mr. Driver with Mr. Risk.
Mr. Cox with Mr. Gehrmann.
Mr. Dockweiler with Mr. Thomas.
Mr. Bulwinkle with Mr. Sauthoff.
Mr. Fernandez with Mr. Turpin.
Mr. Taylor of Colorado with Mr. Kvale.
Mr. Sullivan with Mr. Kee.
Mr. Rogers of New Hampshire with Mr. Gasque.
Mr. Brennan with Mrs. Jenckes of Indiana.
Mr. Sanders of Louisiana with Mr. McGehee.
Mr. Dear with Mr. Walter.
Mr. Berlin with Mr. Montet.
Mr. Fuller with Mr. Gray of Indiana.
Mr. Chapman with Mr. Pfeifer.
Mr. Sandlin with Mr. Cole of Maryland.
Mr. Starnes with Mr. DeRouen.
Mr. Zimmerman with Mr. Tonry.
Mr. Gambrill with Mr. Frey.
Mr. Quinn with Mr. Buckley of New York.
Mr. Samuel B. Hill with Mr. Gassaway.
Mr. Kerr with Mr. Clark of Idaho.
Mr. Connery with Mr. Scrugham.
Mr. Disney with Mr. Sweeney.
Mr. Lee of Oklahoma with Mr. Wilson of Louisiana.
Mr. Ellenbogen with Mr. Palmisano.
Mr. Sabath with Mr. Dietrich.
Mr. McGroarty with Mr. Utterback.
Mr. Dorsey with Mr. Lesinski.

Mr. HEALEY. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. CONNERY, is unavoidably absent. If present, he would vote "nay."

Mr. O'MALLEY. Mr. Speaker, my colleague the gentleman from Wisconsin, Mr. SAUTHOFF, is unavoidably absent. If present, he would vote "nay."

The result of the vote was announced as above recorded.

A motion to reconsider (by Mr. PATMAN) was laid on the table.

RESTRICTION OF LANDS OF FIVE CIVILIZED TRIBES

The SPEAKER laid before the House the following privileged resolution.

The Clerk read as follows:

Senate Concurrent Resolution 32

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 3227) to amend section 3 of the act approved May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931.

Mr. SNELL. Mr. Speaker, what is this resolution about?

The SPEAKER. The Chair understands that in the enrollment of this bill a mistake was made in the spelling of a word. This simply brings the bill back in order to make the correction.

The resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. FADDIS. Mr. Speaker, I ask unanimous consent that on tomorrow, after the reading of the Journal and disposition of matters on the Speaker's desk, I may be allowed to address the House for 10 minutes following the pending special order.

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

There was no objection.

MRS. FRED P. MOERSCH

Mr. MAAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on two separate subjects.

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

There was no objection.

Mr. MAAS. Mr. Speaker, an incident happened recently abroad which, while fortunately has ended happily for all concerned, nevertheless demonstrates the fine courage of an American woman in the face of a mob gone wild.

It was the presence of mind and the unflinching courage of this Minnesota woman that prevented a more serious outcome of the incident.

Last September Dr. Fred P. Moersch, of the Mayo Clinic, Rochester, Minn., went abroad with his wife and Dr. and Mrs. Bolman, also of Rochester, Minn. Dr. Moersch took his automobile along. The doctors wished to visit the University of Padua, Italy. At Munich, Germany, they were advised by the American consul that he could not see any reason why the party should not go to Padua, but he advised that they register at the American consulate at Milano.

On their way to Milano they stopped on the evening of their arrival upon Italian soil at Padua, intending to stay there overnight and proceed the following morning to Milano.

While the two doctors went to register at the hotel the two ladies were left seated in the car a short distance away from the hotel. A group of students passing the car and noticing the international license and an American flag unfurled on the automobile for some reason mistook the party and car as British and immediately started a demonstration which attracted more and more people. Some person slashed the automobile tires, and finally one student jumped upon the running board and tore down the American flag. Mrs. Moersch thereupon jumped out of the car and gave the student, who still had the flag, several slaps on the ears and commanded him with outstretched arm to put the flag back in its place. Only after the chief of police and the prefect of Padua arrived on the scene could the mob be dispersed. Dr. Moersch had the greatest difficulty in reaching the side of his wife. He vigorously waved his American passport.

None of the officials could talk English, and the prefect had the party asked through an interpreter: "You claim to be Americans; if so, why do you talk English?"

The police, after being satisfied that a serious mistake had been made, of course, apologized and brought the party to the hotel. They also had the automobile reconditioned during the night and sent the travelers on their way the next morning under police protection to Milano. Here the party entered a formal protest with the American consul.

The matter has all been adjusted satisfactorily in the meantime, but it is certainly worthy of note that this American lady had both the devotion and the courage in the face of an angry mob to jump out of her automobile and box the ears of one who insulted her country's flag.

EXTENSION OF REMARKS

Mr. BIERMANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an address delivered on Lincoln's birthday by my fellow townsman, J. A. Nelson.

Mr. RICH. Mr. Speaker, reserving the right to object, who is the gentleman referred to?

Mr. BIERMANN. He is the principal Republican of my city.

Mr. RICH. Mr. Speaker, I shall have to object to that request.

PERMISSION TO ADDRESS THE HOUSE

Mr. TABER. Mr. Speaker, I ask unanimous consent that on tomorrow, following the special orders that have been granted for that day, I may address the House for 10 minutes.

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, and I shall not object to this request, but I shall be compelled to object to any further requests, because the Subcommittee on Agriculture of the Committee on Appropriations must proceed with the consideration of its bill tomorrow as soon as possible.

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

There was no objection.

AMERICANISM

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a radio speech recently made by myself.

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

There was no objection.

Mr. McCORMACK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered February 22, 1936, over the radio:

At the outset of my remarks I want to express my pleasure upon being selected by the National Americanism Committee of the Junior Chamber of Commerce of the United States to speak on this occasion, concluding their program of the past 10 days on Americanism.

This fine organization of young Americans, appreciating the values of our institutions of government, have conducted a Nationwide campaign "to publicize and popularize the fundamental principles of real Americanism." The constructive efforts of this organization come at a most appropriate time of the year, starting on February 12, the birthday anniversary of the Savior of our Country, Abraham Lincoln, and ending today, the birthday anniversary of the Father of our Country, the immortal Washington. Such a program, no matter by whom conducted, is a lesson to all Americans. I hope that this program will be conducted each year and that other organizations will also engage each year in similar efforts.

In the brief time allotted, it is impossible to discuss the subject assigned to me, My Conception of National Americanism Week, as fully as I would like to do so. What is this country that Washington and his contemporaries fought to establish; that Lincoln and his contemporaries fought to preserve; and that past generations of Americans have in their day preserved and passed on to us, unimpaired in form and in substance? It is a Government that struggling mankind for countless of generations prior to 1789 have sought to attain. It is a Government which recognizes that the individual possesses certain civil rights which cannot be impaired or destroyed, and which the sovereign power of America, the people collectively, speaking through the Constitution, have protected against even government itself. In our country, the people collectively, and not government, are supreme. Government is a delegated agency, to serve, and not to master, the people. It must act within the powers conferred upon it by the Constitution. The Constitution grants in some legislative fields, and limits in other fields, the powers and duties of government. It is a democracy, the only form of government, where one exists in substance, under which the civil rights, commonly called natural rights, can permanently exist.

As we view world conditions today we clearly see evidences of a disturbed state of mind, due to many conditions, mainly economic. Since the World War, and particularly within the past several years, we have seen throughout the world governments changed or overthrown. We have witnessed in place thereof the establishment of some kind of dictatorship. In these countries different factors may have influenced the change, but the result invariably has been the same. Individual rights have been destroyed. A dictator cannot exist where opposition exists, or even where any form of possible opposition might develop. Individual rights cannot exist under a dictatorship. Under such a form of government, the state, represented by the dictator, and the small group that keeps him in power, whether a nationalist party, nobility, group of any kind, or the army, is the sovereign power—the master. The people are the servants. In a democracy the opposite is true. Even in a beneficent dictatorship, few of which exist, the few individual rights that still prevail, exist, not as a matter of right, but by sufferance of the dictator.

In those countries where some form of a dictatorship exists we have seen persecution, oppression, and fear prevalent, either among all or a portion of the people. Public opinion is stifled. Rights recognized as inherent in the individual are destroyed. Protected civil rights of the individual and a dictatorship cannot exist at the same time. What privileges exist are permitted only by sufferance, and whenever their continuance commences to interfere with dictatorial government they can be and are destroyed. Democratic countries always have a government based upon extensive suffrage, with its lawmaking machinery consisting of a legislative body, chosen by the people in a free election. A true democracy is found in countries where popular education is widespread and where an active public opinion not only is permitted to exist but does exist.

The personal rights of the individual citizen are respected and carefully protected by constitutional enactments concerning freedom of a religious conscience, the free exercise thereof; freedom of speech, of the press; freedom from arbitrary arrest and imprisonment; the right of a trial by jury; of the right of proper individual initiative; and to protection of property legally obtained and possessed; of the sacredness of marriage and the sanctity of the home; and of the other great rights enumerated in the Constitution necessary for the existence of a free people. The police exist to watch criminal classes rather than to control the people. Their purpose is to maintain internal order, an essential function of any government. In a democracy, government flourishes for the purpose of serving the governed, by whose consent it exists. Under our form of government the state has certain duties to perform, but the individuals possess certain rights that can only be taken away by the people themselves, acting in accordance with the Constitution. As we view world conditions, and the happenings in governments where a dictatorship exists, we find conditions the opposite of what we enjoy by constitutional right. In all such countries freedom of speech and of the press are nonexistent. The only freedom that exists in this respect is what the dictator will permit. History and experience have shown that where discussion is used in place of force as a means of solving the problems of our times, social and political stability is enhanced. We also see the attempt to destroy the right of a free religious conscience. In some dictatorial countries it is evidenced by outright prohibition, in another by attempting to nationalize religion, making it simply a department of government, and to ultimately impose upon its people, without regard to their opinions, one religion, that of the state; in another the hypocrisy of allowing religious freedom but denying the free exercise thereof; and in others some degree of religious freedom exists only because it has not as yet come in conflict with the wishes or the will of the dictator.

Spiritual advisers have been arrested, jailed, persecuted, simply because their religious views interfered with the wish or will of the dictator. Wherever a dictatorship exists, whether of the proletariat, of military, or of any other kind, freedom of the individual in the possession of those rights essential to life, liberty, and pursuit of happiness either has been destroyed or permitted to exist only by sufferance. It is very significant to note that where dictatorships exist today the history and tradition of the people of such countries were definitely linked up in the past with a strong military control. In any event, their history has shown very little if any effort in the experiment of democratic government. It also must be borne in mind that under our form of government the machinery exists, as a matter of right of the people, to make necessary adjustments of our laws to the economic or social changes that are constantly taking place. The success of the exercise of this power, the right of suffrage in the selection of our representatives, depends in the main upon an honest and enlightened public opinion—in the average citizen performing his duty in a fearless and courageous manner.

In talking to you tonight I am able to do so because it is my constitutional right to express my opinions, which right cannot be taken away from me by government so long as I do so within the law. If I were a subject of a country wherein a dictator was supreme, for daring tonight to express the opinions that I have, I would be arrested and imprisoned. Throughout this great land are persons of all religious beliefs, safe in the possession and expression of their views. And yet in other lands are people persecuted, arrested, jailed, for daring to entertain and express a free religious conscience. The same situation applies to other great human rights that we possess, and which the peoples of all lands should and, I hope, some day will possess. Viewing impersonally the strength and weaknesses of the various forms of governments—democracy, dictator, oligarchy, autocracy—the democratic government is the form that brings to a people the greatest degree of satisfaction and of service.

Despite the civil rights that we possess, there are some within our borders who would like to destroy what Washington and his contemporaries builded, which Lincoln and his contemporaries preserved, and which we possess. In the defense of that which we possess, we should not and cannot distinguish between enemy from within or from without. As a matter of fact, the one who accepts the benefits of our institutions, and undertakes to use those benefits to destroy, is far more dangerous and sinister in his objectives than the enemy from without. I recognize the right of any person, organization, or movement to advocate any change in which he believes, or they believe, provided such advocacy of change is within the law. I do not recognize the right of any person, or movement, to advocate the immediate or ultimate overthrow of our Government by force and violence. That is not freedom of speech or of the press. It is uncontrolled license. There are elements in this

country whose views are antisocial to our theory of government, and who are attempting to carry their views into effect by force. Some are citizens and some are aliens. The alien in this country who is law abiding is respected, but the alien in this country who advocates the overthrow of our Government by force and violence, when apprehended, should be deported at once. The same applies also to the criminal alien. Why should we permit such persons, who are avowed enemies of our Government, to remain in this country? Legislation is pending which should be passed by this Congress strengthening our immigration laws in this respect.

The citizen who advocates the overthrow of Government by force and violence should be made subject to proper legislation, the purpose of which is to protect the rights of the American citizen who loves his country. In no other country of the world would conditions such as exist in this country be tolerated. The constitutional means exist to bring about orderly changes of government. When we compare the rights of the individual in the United States with those of dictatorial countries, we profoundly appreciate what it means to be an American citizen.

We have our problems to meet. So did past generations of Americans. In their day they had depressions and great questions arising therefrom, which had to be met and decided. History shows that they performed their duty well. We of this generation have great problems confronting us, which we must meet and decide, not only for our best interests but for the best interests of the generations to come. The past generations met their problems effectively and successfully, as a free people, as a result of honest differences of opinion being capable of expression, of the feeling of satisfaction with the possession of the great rights to which I have referred. Each generation passed on to the next generation the fundamental rights of a free people preserved and the structure, called government, improved upon.

We of today will meet our problems in the same way, passing on to Americans yet unborn preserved the glorious democracy that we inherited.

EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert a very valuable statement of my colleague, the gentleman from Texas [Mr. DIES].

Mr. ZIONCHECK. Reserving the right to object, Mr. Speaker, what is this about?

Mr. BLANTON. It is about the granting of American jobs to people who are not American citizens.

Mr. MARCANTONIO. I object, Mr. Speaker.

Mr. BLANTON. All right; if the gentleman does not want to protect American citizens.

Mr. MARCANTONIO. I object, Mr. Speaker.

PERMISSION TO ADDRESS THE HOUSE

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

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

There was no objection.

Mr. McSWAIN. Mr. Speaker, yesterday afternoon I was out of the Chamber attending important committee duties, and during that time the distinguished gentleman from Georgia [Mr. TARVER] made certain comments upon another gentleman who obviously, by clear inference from the RECORD itself, was intended to be the senior Senator from South Carolina, the Honorable ELLISON D. SMITH.

Waiving the matter of propriety in that respect, I question the propriety of the impeachment of the good faith of Senator SMITH with reference to his attitude on pending legislation. I submit that the statement that Senator SMITH is a large landowner and, therefore, that he represents the landowners rather than the farmers generally, and that he is personally interested by this fact to the extent that he would favor the landowner in legislation as against the tenant, is not justified by the record, nor by his long service in behalf of all farmers.

I must say that Senator SMITH has been the unselfish evangelist of the cause of the cotton farmer—of all cotton farmers from one end of the Cotton Belt to the other—for more than 30 years. He has been elected by the people of South Carolina to the United States Senate five times. He is not what would be called a large landowner as we understand that term.

Mr. ZIONCHECK. Point of order, Mr. Speaker.

Mr. McSWAIN. I do not yield, Mr. Speaker.

Mr. ZIONCHECK. I make the point of order, Mr. Speaker, that reference is being made to another body, and the gentleman is talking about a Senator.

The SPEAKER. The point of order is overruled. The gentleman from South Carolina will proceed.

Mr. ZIONCHECK. And talk about another body and another Senator?

The SPEAKER. The Chair has ruled. The gentleman from South Carolina has the floor.

Mr. McSWAIN. The distinguished gentleman and Senator to whom I have been referring is not a large landowner in the ordinary sense. He has not communicated with me today nor have I communicated with him directly or indirectly about this or any other matter. On the issue or merits of this controversy I am not debating. I believe Senator SMITH has been misunderstood, for I believe he is the true and loyal friend of the small farmer.

While I live about 200 miles from where Senator SMITH lives, I now state, from my own information, that he owns only 800 acres of land, and perhaps 25 to 30 percent of it is swampland and not cultivatable. I was informed many years ago that Senator SMITH inherited this farm from his father and mother and in fact that this land has been in his family for nearly 200 years. I own more land than Senator SMITH does, and yet I cannot get enough rent from it to pay the taxes.

AMERICAN JOBS TO PEOPLE WHO ARE NOT AMERICAN CITIZENS

Mr. BLANTON. Mr. Speaker, I renew the request I made a moment ago that I may insert in the RECORD a very valuable statement by my colleague, Mr. DIES, of Texas.

The SPEAKER. Is there objection?

There was no objection.

The statement of the gentleman from Texas [Mr. DIES] is as follows:

[From the Washington Herald of Sunday, Feb. 23, 1936]

OVER MILLION ALIENS SEEK ENTRY TO UNITED STATES DESPITE OUR UNEMPLOYMENT, SAYS DIES—BESIDES, THOUSANDS FLOCK IN FROM NONQUOTA COUNTRIES OF WESTERN HEMISPHERE

By MARTIN DIES, Congressman from Texas

While 8,000,000 employable Americans are jobless, aliens continue to pour into this country, and more than a million await a chance to enter.

The number desiring to come and take jobs from Americans probably very greatly exceeds a million. American consuls in 47 out of the 68 quota countries state that 992,000 aliens in those lands are anxious to enter the United States; and there are no quota restrictions for nations of the Western Hemisphere. Immigrants from Canada, Mexico, and Latin America are free to come in anytime they desire.

During the worst years of the depression, 1931–34—while all other countries did all they could to save jobs for their own citizens—594,766 aliens tried to enter this country legally. With business improvement, the number of alien arrivals has increased proportionately.

The instruction for "strictness" issued by the State Department to its consuls can be relaxed at any time, allowing 150,000 new immigrants a year from Europe.

Since we began to put up immigration barriers—though weak ones—it is estimated that more aliens have entered the country illegally than have come through regular channels. They flooded the southern border so rapidly that in 1929 the Secretary of Labor said, "We estimate that more than a million Mexicans are here illegally."

If prosperity returns, then lack of information or indifference by our citizens, and laxity and unwarranted sentimentality in administration, will permit an inflow of millions of aliens within a few years. Thus, instead of correcting, we would permit the continuation—and fix as permanent—an injustice to our own workers, which will lower their standards of living.

Most certainly after our recent lesson we should not want to "import more unemployment."

Those citizens are falsely reassured who think the immigration problem is being solved by present laws. They are evaded. Consider some of the loopholes:

There are only 800 men on patrol on our 10,000 miles of Mexican, Pacific, Canadian, and Atlantic borders.

According to the Commissioner of Immigration's report for 1934, there were 20,560,826 aliens' entrance examinations at our borders that year. Some, of course, came and went daily. But according to the report most of those entering were not "manifested." They merely waved a card and passed the barrier; no check was made as to whether they returned.

MANY ALIEN SEAMEN DESERT IN UNITED STATES PORTS

Also from that report: 127,666 aliens were admitted to the country for "temporary stay."

Again: 882,813 alien seamen examinations were held in our ports. An undetermined number deserted into the United States.

This is considered the easiest way for a male alien to enter the country illegally. Although the steamship companies are taxed for every desertion—for which reason they report fewer than

half of their desertions—records of the Commissioner of Immigration show 307,320 recorded desertions between 1907 and 1931. In his annual report for 1933 the Commissioner, Colonel MacCormack, said:

"In the past, oftentimes as many as half the crew of vessels of certain flags, passed as bona fide seamen, would desert in port.

"And when the vessel came to sail it would sign on none, or very few, to replace them, a plain indication that the crew was excessive on arrival, and a moral certainty that aliens had been signed on for a consideration, and with foreknowledge that illegal entry into the United States was planned.

"This is one of the many 'rackets' to circumvent the immigration laws, but it is not actionable unless convincing and corroborative evidence of conspiracy is obtained. This is almost impossible, as deserters speedily lose themselves in our population."

With such avenues open, little wonder that it is estimated that in New York City alone there are a quarter of a million aliens who entered this country without the right to do so.

There are organized gangs which specialize in expediting illegal entry. There is even evidence of a recognized technique for courtship by mail, after an exchange of photographs with an American girl, or courtship during a girl's visit abroad. After marriage and entry into the country—and frequently after relatives have contributed funds to set the alien up in business—the bridegroom disappears.

Information to this effect was presented to me by a radio speaker whose "question and answer" period brought him so many stories of this kind that a "league of deserted women" was formed to combat the evil. Several thousand of such victimized women are alleged to reside in the metropolitan area alone.

UNDERGROUND ROUTES EASILY AVAILABLE

For aliens whose appearance, due to race or color, makes illegal entry easier, there are many smugglers' methods.

In a single year, 1933, seizure of vehicles used in smuggling was to a total value of $283,744. This included 13 airplanes valued at $89,500. Obviously only a small fraction of the total vehicles used in this trade were captured.

At least five well-beaten paths are open to aliens wishing to be smuggled into the United States, providing they have money to pay the gangs.

Readers were shocked in November 1934 to learn about a score of smuggled Chinese found in a cellar at Atlantic Highlands, N. J., a State politician having aided in easing their entry.

It merely meant that accident had revealed one station on the underground route. The station was moved. Traffic was resumed—all inbound.

Now, each illegal alien means—

1. Another job has been taken from an American by a foreigner willing to work more cheaply; or—

2. Another mouth has been added to our breadline.

Yet some elements oppose rigorous immigration policies and enforcement. Among them are:

Some industrialists who want the cheapest labor available; steamship companies anxious to increase revenues; foreigners, alien or naturalized, who want relatives to come and enjoy American standards, legally or illegally; gangs who make a living in alien rackets; and radicals, who want aliens for revolutionary enlistment, and to extend our breadlines.

We must check the growing flood of aliens. We must cease importing unemployment.

PERMISSION TO ADDRESS THE HOUSE

Mr. TARVER. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

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

There was no objection.

Mr. TARVER. Mr. Speaker, my long acquaintance with the gentleman from South Carolina [Mr. McSWAIN] and my high regard for him as a legislator would cause me to examine again and perhaps doubt my own position if I found there was any difference of opinion between us.

I wish to say in view of what he has said that nothing in my remarks was intended to criticize the personal motives of any Member of the other body. I believe the conditions which may have influenced the Member of the other body in the attitude he assumed are legitimate matters for discussion.

During the 10 years I have been a Member of this body I have not heretofore found it necessary to say anything on the floor that might possibly be offensive to any Member of this body or the other body.

I regret very much that in order to clearly present and try to protect the rights of the millions of tenants and sharecroppers of this country it was necessary that I should go into certain matters, which I did.

After a careful reexamination of the remarks I made I do not find anything that justifies regret. I believe they may have been to some extent influential, because I am advised that the conference committee on the farm bill has retained the tenant and sharecropper amendment in its report.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the people all over the country have become more fearful every day that this country is becoming like Russia in refusing free speech and free thought. I have received a telegram from Mrs. Paul Fitzsimmons, of Rhode Island, which is as follows:

NEWPORT, R. I., *February 25, 1936.*

Hon. EDITH NOURSE ROGERS,
House of Representatives Office Building:

Heartily concur in your published statement regarding the malevolent and vindictive action taken against Major General Hagood. It is common knowledge that this administration intends to strangle all criticism, however constructive or merited; but this evidence of malignant bad temper and attempted terrorism against a man of distinguished and outstanding record should rouse the Nation to a realization of the despotic gag rule now inflicted upon all patriotic citizens in and out of the military and naval services. I was war godmother to General Hagood's regiment and have known the general 20 years. He is an honor to the service and to his country, and I trust Congress will not allow its righteous indignation to be suppressed. Congress has the opportunity to prove it consists of men and patriots who are not puppets in the hands of demagogues nor such partisans that it permits citizens to be made footballs of for the indulgence of malicious exhibitions of childish bad temper. The citizens, regardless of party, will be behind all Congressmen who show determination to right this grievous wrong to an honored and distinguished officer and gentleman.

EXTENSION OF REMARKS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent at this point to insert in the RECORD a letter I have written to a colleague.

The SPEAKER. Is there objection?

There was no objection.

The matter referred to follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
Washington, D. C., February 25, 1936.

Hon. WILLIAM LEMKE,
House of Representatives, Washington, D. C.

DEAR BILL: Now that the tumult and the radio shouting has died down, at least temporarily, "let's look at the record", as a famous American, also a victim of malicious and slanderous attacks from a certain radio source, would say.

On four Sundays in succession a portion of the American public has been misled as to what has occurred in reference to your so-called Frazier-Lemke bill, and especially in the House of Representatives.

The President has been charged with "blocking" the bill.

The Speaker has been listed as one of the arch conspirators against permitting the bill to come on the floor of the House.

It has been reiterated time and again that the bill never had a chance on the floor.

The Democratic Whip has been castigated for his activities "against" the bill.

The Rules Committee and its chairman have been threatened with the "lash" for "smothering" the measure in committee.

In your speech in the House on Tuesday, February 18, 1936, you said (p. 2310):

"It has been conceded that if this bill were permitted to come up on the floor it would pass both House and Senate, and we are confident that it would be signed by the President."

Incidentally, why has not the bill (S. 212) been taken up on the floor of the Senate to date? It was reported out of the Senate Agriculture Committee on May 7, 1935. Who is "blocking" it over there? Is it the Speaker of the House or the majority Whip of the House or the House Rules Committee? What has Senator FRAZIER ever done to bring it up in the Senate?

Again, you said (p. 2311):

"Yet some invisible force has been able to prevent us from bringing it up on the floor for discussion and disposition on its merits."

You cannot mean me, because I am very "visible", and you say (p. 2311):

"I find no fault with the Chairman", meaning me.

Is there some "invisible force" at work in the Senate?

Now, dear Bill, let's be fair about it. You will, anyway, I know. In fairness to the Rules Committee, at least—never mind me. What is the truth about the matter?

Why it is all a matter of record in the House of Representatives which can be readily ascertained by anyone if he does not yet know. Of course, you know the record, because there is no more diligent or attentive Member of Congress.

All this will come as a surprise to many sincere supporters of the bill. The Frazier-Lemke bill did have its chance on the floor of the House of Representatives.

Read the CONGRESSIONAL RECORD of May 15, 1935.

The bill was "reported" out of the Agricultural Committee of the House on May 3, 1935, and referred to the Union Calendar.

On May 15, 1935, 12 days later, the Agricultural Committee had the call on Calendar Wednesday. The Committee could on that day, the whole of which it had at its disposal, have called up the Frazier-Lemke bill for consideration and passage. A majority of the members of that committee could have compelled it to be called up.

What happened? Instead of using the day which belonged to it and calling up the Frazier-Lemke bill, the Committee on Agriculture yielded and deliberately waived the day to the Committee on Foreign Affairs, and after passing one small bill by unanimous consent to which you, dear Bill, or any other Member of the House could have objected. (See CONGRESSIONAL RECORD, 74th Cong., 1st sess., pp. 7602 to 7605.)

Thereupon the Committee on Foreign Affairs took up bills pertaining to the United States Court for China, the International Congress of Military Medicine and Pharmacy, Diplomatic and Consular Establishments at Helsingfors, Finland, etc. Every member of the Agriculture Committee and every Member of the House knew that such an opportunity would not again be afforded for at least 2 years. This includes the 14 members of that committee who are reported to have signed the petition.

Where were you, dear Bill, and where was Mr. MORITZ, of Pennsylvania, and other ardent supporters of the Frazier-Lemke bill? Why did not they then and there insist on the calling up of their bill? The RECORD shows you and they were present in the House on that day. There were enough Members allegedly interested in the bill to prevent the adjournment of the House on that day until the Frazier-Lemke bill was called up and disposed of.

That is the true story which should have been told from the beginning.

Now, between you and me, dear Bill, is there really a majority of the Agriculture Committee in favor of this bill?

You well know, dear Bill, that the Rules Committee does not bring out rules for the consideration of bills which can be brought up on the floor on Calendar Wednesday or in any other way. If anyone, not a Member of Congress, does not know this, he could have easily found it out.

With warm personal regards, I am

Sincerely your friend,

JOHN J. O'CONNOR.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday, tomorrow, be dispensed with.

The SPEAKER. Is there objection?

Mr. WHITE. Mr. Speaker, I reserve the right to object. I am chairman of a committee that has several bills that we wish to take up. Last session we could not be heard. I object.

Mr. BANKHEAD. Then I give notice that when we meet tomorrow I shall move to dispense with business in order on Calendar Wednesday.

Mr. O'MALLEY. Mr. Speaker, we have been in session about 8 weeks, and have not had a Calendar Wednesday. A great many committees have reported out small bills. Is there any hope of getting a Calendar Wednesday in this session?

Mr. BANKHEAD. I think there is, but I regard it now as very important that we get through with the consideration of these appropriation bills.

Mr. O'MALLEY. How soon does the gentleman think that we can get a Calendar Wednesday?

Mr. BANKHEAD. I cannot give the gentleman any reply to that.

Mr. O'MALLEY. We have been 8 weeks here, and have drawn our breath and our salaries and have passed five bills.

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

Mr. BANKHEAD. Yes.

Mr. RICH. We have had five appropriation bills so far, and each one has been greater in amount appropriated than the similar one last year. We have increased our appropriations. What arrangement is the majority leader and this Congress going to take to raise the funds to meet these obligations?

Mr. BANKHEAD. Mr. Speaker, in reply to the inquiry of the gentleman from Pennsylvania I might say that if he will cooperate with us in trying to get placed back into the Federal Treasury the more than $6,000,000,000 deficit left by Mr. Hoover at the end of his term, we will not have to dig up any money. [Applause.]

Mr. RICH. Mr. Hoover's deficits are not comparable with the deficits that this administration has put on the Treasury.

Mr. CANNON of Missouri. Mr. Speaker, I renew my request that business in order tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Missouri that business in order on Calendar Wednesday, tomorrow, be dispensed with?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HARTLEY on account of illness.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 3978. An act relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by the Reconstruction Finance Corporation, and reaffirming their immunity; to the Committee on Banking and Currency.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 9130. An act to authorize the incorporated city of Skagway, Alaska, to undertake certain municipal public works, and for such purpose to issue bonds in any sum not exceeding $12,000, and for other purposes.

BILL 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, a bill of the House of the following title:

H. R. 9130. An act to authorize the incorporated city of Skagway, Alaska, to undertake certain municipal public works, and for such purpose to issue bonds in any sum not exceeding $12,000, and for other purposes.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 47 minutes p. m.) the House adjourned until tomorrow, Wednesday, February 26, 1936, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE PUBLIC LANDS

The Committee on the Public Lands will meet Wednesday, February 26, 1936, at 10:30 o'clock a. m., in room 328, House Office Building, to consider H. R. 10303, Natural Resources Board.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McSWAIN: Committee on Military Affairs. House Report 2063. A report relating to the War Department pursuant to House Resolution 59. Referred to the Committee of the Whole House on the state of the Union.

Mr. FERGUSON: Committee on Flood Control. H. R. 9213. A bill to provide a preliminary examination of the Hillsborough and Withlacoochee Rivers and their tributaries, in the State of Florida, with a view to the control of their flood waters; without amendment (Rept. No. 2069). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9235. A bill to provide for a preliminary examination and survey of the Cosatot River in Sevier 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; with amendment (Rept. No. 2070). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9236. A bill to authorize a preliminary examination and

survey of the Red and Little Rivers, Ark., insofar as Red River affects Little River County, Ark., and insofar as Little River affects Little River and Sevier Counties, Ark., to determine the feasibility of leveeing Little River and the cost of such improvement, and also the estimated cost of repairing and strengthening the levee on Red River in Little River County, with a view to the controlling of floods; with amendment (Rept. No. 2071). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9249. A bill 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; with amendment (Rept. No. 2072). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9250. A bill 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; without amendment (Rept. No. 2073). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9267. A bill to provide for a preliminary examination and survey of Big Mulberry Creek, in Crawford, County, Ark., from the point where it empties into the Arkansas River up a distance of 8 miles, to determine the feasibility of cleaning out the channel and repairing the banks, and the cost of such improvement, with a view to the controlling of floods; without amendment (Rept. No. 2074). Referred to the Committee of the Whole House on the state of the Union.

Mr. ZIMMERMAN: Committee on Flood Control. H. R. 10487. A bill to authorize a survey of Lowell Creek, Alaska, to determine what, if any, modification should be made in the existing project for the control of its floods; without amendment (Rept. No. 2075). Referred to the Committee of the Whole House on the state of the Union.

Mr. FERGUSON: Committee on Flood Control. H. R. 10583. A bill to authorize a preliminary examination of the San Diego River and its tributaries in the State of California, with a view to the control of its floods; without amendment (Rept. No. 2076). Referred to the Committee of the Whole House on the state of the Union.

Mr. ZIMMERMAN: Committee on Flood Control. H. R. 11042. A bill authorizing a preliminary examination of the Matanuska River in the vicinity of Matanuska, Alaska; without amendment (Rept. No. 2077). Referred to the Committee of the Whole House on the state of the Union.

Mr. FERGUSON: Committee on Flood Control. H. R. 9874. A bill authorizing a preliminary examination of Cadron Creek, Ark., a tributary of the Arkansas River; without amendment (Rept. No. 2078). 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. MILLARD: Committee on Immigration and Naturalization. House Joint Resolution 388. Joint resolution to authorize the issuance to Tonio Mori Moto of a permit to reenter the United States; with amendment (Rept. No. 2062). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 11053. A bill authorizing the President to present the Distinguished Service Medal to Commander Percy Tod, British Navy, and the Navy Cross to Lt. Comdr. Charles A. deW. Kitcat, British Navy; without amendment (Rept. No. 2064). Referred to the Committee of the Whole House.

Mr BLOOM: Committee on Foreign Affairs. H. R. 11425. A bill for the relief of Gustava Hanna; without amendment (Rept. No. 2065). Referred to the Committee of the Whole House.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 1743. A bill for the relief of Joseph E. Myers; without amendment (Rept. No. 2066). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. S. 1683. An act for the relief of Robert L. Monk; without amendment (Rept. No. 2067). Referred to the Committee of the Whole House.

Mr. HILL of Alabama: Committee on Military Affairs. S. 3872. An act for the relief of the present leader of the Army Band; without amendment (Rept. No. 2068). 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. DOUGHTON: A bill (H. R. 11452) to provide for the more adequate protection of the revenue, a more effective enforcement of the revenue and other laws administered by the Treasury Department, and for other purposes; to the Committee on Ways and Means.

By Mr. IGLESIAS: A bill (H. R. 11453) to amend the act of February 11, 1936, entitled "An act 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"; to the Committee on Insular Affairs.

By Mr. WALTER: A bill (H. R. 11454) to incorporate the Veterans of Foreign Wars of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H. R. 11455) granting an increase of pension to Martha J. Constant; to the Committee on Invalid Pensions.

By Mr. BYRNS: A bill (H. R. 11456) granting a pension to Jennie Washington; to the Committee on Invalid Pensions.

By Mr. CHRISTIANSON: A bill (H. R. 11457) for the relief of Arne Pederson; to the Committee on Naval Affairs.

By Mr. CHURCH: A bill (H. R. 11458) for the relief of Joseph Connor McGurn; to the Committee on Claims.

By Mr. GRAY of Indiana: A bill (H. R. 11459) granting an increase of pension to Fannie M. McQuade; to the Committee on Invalid Pensions.

By Mr. LUNDEEN: A bill (H. R. 11460) granting a pension to Angie Inez Nelson; to the Committee on Pensions.

By Mr. McCLELLAN: A bill (H. R. 11461) for the relief of the estates of N. G. Harper and Amos Phillips; to the Committee on Claims.

Also, a bill (H. R. 11462) for the relief of R. N. Teague and Minnie Teague; to the Committee on Claims.

By Mr. PETERSON of Georgia: A bill (H. R. 11463) for the relief of V. Jackson Hodges; to the Committee on Claims.

By Mr. RABAUT: A bill (H. R. 11464) for the relief of William Bockheim; to the Committee on Claims.

Also, a bill (H. R. 11465) for the relief of Earl Dow Greer; to the Committee on Naval Affairs.

Also, a bill (H. R. 11466) granting an increase of pension to Ebbin A. Irvin; to the Committee on Pensions.

By Mr. REED of New York: A bill (H. R. 11467) granting a pension to Martha Koerner; to the Committee on Invalid Pensions.

By Mr. SCHNEIDER of Wisconsin: A bill (H. R. 11468) for the relief of Charles R. Hooper; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H. R. 11469) for the relief of James W. Webster; to the Committee on Military Affairs.

Also, a bill (H. R. 11470) for the relief of John Albert Farne; to the Committee on Naval Affairs.

By Mr. THOMAS: A bill (H. R. 11471) granting a pension to Viola M. Dobbin; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 11472) for the relief of John P. Masters; to the Committee on Naval Affairs.

Also, a bill (H. R. 11473) granting an increase of pension to Mary L. Yoakem; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

10263. By Mr. BLOOM: Petition of residents of Loiza, P. R., urging the extension of the Social Security Act to Puerto Rico; to the Committee on Ways and Means.

10264. By Mr. KNIFFIN: Petition of H. B. Monroe, representing Sunday school of the Church of Christ, Hicksville, Ohio, urging the enactment of the Guyer bill; to the Committee on the District of Columbia.

10265. By Mr. LAMNECK: Petition of Johnnie J. Martin, financial secretary, National Federation of Federal Employees, Local No. 553, Columbus, Ohio, and others, favoring the passage of the annual leave and sick leave bills which passed the Senate; to the Committee on the Civil Service.

10266. By Mr. LUNDEEN: Petition of the Washington County Farm Bureau, Stillwater, Minn., urging enactment of new agricultural bill in line with recommendations by American Farm Bureau Federation; to the Committee on Agriculture.

10267. Also, petition of the Central Western Wholesalers' Association, Minneapolis, Minn., urging the extension of title I of the Federal Housing Act for at least 2 years; to the Committee on Appropriations.

10268. Also, petition of a State-wide meeting of Minnesota farmers held on January 11, 1936, urging enactment of legislation for recovery of impounded processing taxes and that Congress provide for commodity loans similar to the present corn-loan program; to the Committee on Agriculture.

10269. Also, petition of the Minnesota League of Women Voters, Minneapolis, Minn., urging support of the neutrality measure, House Joint Resolution 422, asking that a clause be inserted to make the measure temporary, and urging that Congress reserve the right to lift the embargo against one or more belligerents; to the Committee on Foreign Affairs.

10270. By Mr. MEAD: Petition of the Veterans of Foreign Wars of the United States, Cold Spring Post, No. 3254, Buffalo, N. Y., requesting that when payment of the adjusted-service certificates is paid veterans will not be obliged to surrender their positions if employed on public-works projects; to the Committee on Appropriations.

10271. By Mr. O'CONNELL: Joint resolution, requesting the Senators and Representatives in Congress from Rhode Island to oppose the enactment of any legislation by Congress whose purport shall be to prevent veterans of the World War from remaining on any relief rolls of the Federal Government or the respective State, if and when they shall receive a bonus under House bill 9870; to the Committee on Appropriations.

10272. By Mr. PETERSON of Georgia: Petition of James E. Lanier, H. T. Reddick, R. E. Howard, G. T. Sharpe, and of numerous other citizens of the First Congressional District of Georgia, requesting support of legislation proposed by the National Star Route Carriers Association; to the Committee on the Post Office and Post Roads.

10273. Also, petition of R. B. Mallory, Jr., Mrs. A. C. Smith, Mrs. Miller A. Ellzey, and of numerous other citizens of the First Congressional District of Georgia, requesting support of legislation proposed by the National Star Route Carriers Association; to the Committee on the Post Office and Post Roads.

10274. By Mr. REED of Illinois: Petition signed by E. E. Brubaker, of Virden, Ill., and 60 others, requesting passage of House bill 8739; to the Committee on the District of Columbia.

10275. By Mr. THOMAS: Petition of 128 citizens, urging enactment of legislation at this session to extend all existing star-route contracts, and to increase the compensation thereon to an equal basis with that paid for other forms of mail transportation; to the Committee on the Post Office and Post Roads.

10276. By Mr. WALTER: Petition of the Fraternal Patriotic Americans; to the Committee on Immigration and Naturalization.

10277. By the SPEAKER: Petition of the American League Against War and Fascism, Boston, Mass.; to the Committee on the Judiciary.

10278. Also, petition of the State bar of South Dakota; to the Committee on the Library.

10279. Also, petition of the Bar Association of St. Louis, Mo.; to the Committee on the Library.

10280. Also, petition of the Year Book Publishers, Inc., Chicago, Ill.; to the Committee on Military Affairs.

10281. Also, petition of the Olympia Townsend Club, No. 2, Olympia, Wash.; to the Committee on Ways and Means.

10282. Also, petition of the Okmulgee Detective Agency, Okmulgee, Okla.; to the Committee on the Judiciary.

10283. By Mr. PATMAN: Resolution of the Minnesota Retail Hardware Association, Minneapolis, Minn., favoring the principles and policies outlined in the Patman bill and other legislation now in Congress designed to strengthen and amend the Clayton Act; to the Committee on the Judiciary.

10284. Also, resolution of the Northwestern Shoe Retailers Regional Association, Minneapolis, Minn., endorsing all provisions of the Patman-Robinson bill, known as House bill 8442 and Senate bill 3154, which provides for the correction of certain evils in the field of merchandise distribution; to the Committee on the Judiciary.

10285. By Mr. HENNINGS: Resolution of the Missouri State Highway Commission, urging Congress to appropriate and make available 1937 Federal-aid money now authorized for the construction of highways and to maintain the program for the fiscal years of 1938 and 1939; to the Committee on Roads.

10286. By Mr. SCOTT: Petition of the City Council of the City of South Gate, petitioning Congress to support legislation at this session which will have for its purpose the extension of provisions, which will expire May 1936, in the Federal bankruptcy laws for the liquidation of the indebtedness of overburdened, delinquent, and insolvent special assessment districts; to the Committee on the Judiciary.

10287. Also, petition of the Fontana Utopian Group, No. 72 A–12, opposing the exporting of any war materials or any such commodities which can be used to sustain a military organization of any foreign power which is waging a military campaign against another country or countries, and demanding the enforcement of the present embargo act recently proclaimed by the President of the United States; to the Committee on Military Affairs.

10288. By Mr. MAHON: Petition of citizens and patrons of star route no. 50307, from Stanton to Lenorah, Tarzan, and surrounding and contributing territory of Texas, urging your honorable body to enact legislation at this session that will indefinitely extend all existing star-route contracts and increase the compensation thereon to an equal basis with that paid for other forms of mail transportation; to the Committee on the Post Office and Post Roads.

10289. Also, petition of citizens and patrons of star route no. 5020, from Muleshoe to Olton, Tex., urging your honorable body to enact legislation at this session that will indefinitely extend all existing star-route contracts and increase the compensation theeron to an equal basis with that paid for other forms of mail transportation; to the Committee on the Post Office and Post Roads.

10290. By Mr. WHITE: Memorial of the Nampa Trades and Labor Council, Nampa, Idaho, recommending to the consideration of the Congress the plan embodied in the McGroarty bill, and urging that this bill be brought to the floor at an early date for careful study and passage; to the Committee on Ways and Means.