By Mr. PETERSON of Georgia: A bill (H. R. 12461) to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; to the Committee on Interstate and Foreign Commerce.

By Mr. GREEN: Resolution (H. Res. 496) authorizing and directing the Committee on the Territories of the House of Representatives to conduct an investigation into the economic resources of the Territory of Alaska with a view to determining the possibilities of further development of the industry, agriculture, and commerce of the said Territory; to the Committee on Rules.

By Mr. LEWIS of Maryland: Joint resolution (H. J. Res. 571) to provide for the participation of the United States in the commemoration of the seventy-fifth anniversary of the Battle of Antietam; to the Committee on the Library.

By Mr. HANCOCK of New York: Joint resolution (H. J. Res. 572) proposing an amendment to the Constitution of the United States amending the language of the first paragraph of section 6 of article I thereof; 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. AYERS: A bill (H. R. 12462) to authorize the addition of certain names to the final rolls of the Blackfeet Tribe of Indians in the State of Montana; to the Committee on Indian Affairs.

By Mr. CHANDLER: A bill (H. R. 12463) for the relief of Adelaide Guerini; to the Committee on Claims.

By Mr. EKWALL: A bill (H. R. 12464) for the relief of Homa L. Rhoten; to the Committee on Claims.

By Mr. HOFFMAN: A bill (H. R. 12465) for the relief of Harold P. Waldo; to the Committee on Claims.

By Mr. REED of Illinois: A bill (H. R. 12466) for the relief of Paul Smith, alias John O'Brien; to the Committee on Naval Affairs.

By Mr. ZIMMERMAN: A bill (H. R. 12467) granting a pension to Nancy Ann Whitehead; to the Committee on Invalid Pensions.

By Mr. ZIONCHECK: A bill (H. R. 12468) granting a pension to La Veta Beall; to the Committee on Pensions.

Also, a bill (H. R. 12469) granting a pension to Rebecca Patterson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12470) for the relief of Chris A. Nelsen; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10770. By Mr. BLOOM: Petition of the Legislature of the State of New York, urging the Federal Works Progress Administration and the Congress of the United States to accept immediate responsibility for relief and employment of transients, and requesting that this relief in employment be made effective through permanent departments of State government and coordinate local units of administration, and that funds be made available by the Federal Government on a grant-in-aid basis; to the Committee on Appropriations.

10771. Also, petition of the Assembly of the State of New York, urging the annual appropriation to the use of the State of New York the sum of $2,000,000 for the maintenance and operating expenses of the New York State canal system; to the Committee on Appropriations.

10772. By Mr. GOODWIN: Petition of property owners and businessmen of Woodstock, N. Y., protesting against the decentralization of the Federal art project; to the Committee on Appropriations.

10773. By the SPEAKER: Petition of the Daughters of the American Revolution, requesting that September 17 of each year be made a national holiday; to the Committee on the Judiciary.

SENATE

MONDAY, APRIL 27, 1936

(Legislative day of Friday, Apr. 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 Friday, April 24, 1936, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 11581) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1937, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. BLANTON, Mr. JACOBSEN, Mr. JOHNSON of West Virginia, and Mr. DITTER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a joint resolution (H. J. Res. 499) authorizing and requesting the President to extend to the Government of Sweden and individuals an invitation to join the Government and people of the United States in the observance of the three hundredth anniversary of the first permanent settlement in the Delaware River Valley, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 371. An act for the relief of G. Elias & Bro., Inc.;

S. 788. An act for the relief of the International Mercantile Marine Co.;

S. 790. An act for the relief of the Compagnie Generale Transatlantique;

S. 1062. An act for the relief of James R. Young;

S. 1138. An act for the relief of Art Metal Construction Co. with respect to the maintenance of suit against the United States for the recovery of any income or profits taxes paid to the United States for the calendar year 1918 in excess of the amount of taxes lawfully due for such period; and

S. 1846. An act for the relief of the estate of Anton W. Fischer.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. LEWIS. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN],

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the Senator from Nevada [Mr. McCarran], and the Senator from Florida [Mr. Trammell] are absent from the Senate because of illness; that the Senator from Missouri [Mr. Clark] is absent because of illness in his family; that the Senator from New Hampshire [Mr. Brown] and the Senator from Virginia [Mr. Byrd] are absent in performance of their duties as members of the Board of Visitors to the Naval Academy; and that the senior Senator from Ohio [Mr. Bulkley], the junior Senator from Ohio [Mr. Donahey], the Senator from Oklahoma [Mr. Gore], the Senator from West Virginia [Mr. Holt], and the Senator from Kansas [Mr. McGill] are unavoidably detained.

Mr. McNARY. I announce that the Senator from California [Mr. Johnson] is absent because of his duty as a member of the Board of Visitors to the Naval Academy.

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

OPINIONS OF SENATORS IN RITTER IMPEACHMENT CASE—EXTENSION OF TIME LIMIT

Mr. ASHURST. I ask unanimous consent that the time for filing opinions in the Ritter impeachment case may be extended 5 days.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the order heretofore entered is modified accordingly.

SENATOR FROM LOUISIANA—PETITION

The VICE PRESIDENT laid before the Senate the petition of Irving Ward-Steinman, of Alexandria, La., protesting against the seating of Mrs. Rose McConnell Long as Senator from Louisiana and praying that such seating be declared void, which was referred to the Committee on Privileges and Elections.

PETITIONS

The VICE PRESIDENT laid before the Senate a resolutiontion adopted by the board of directors of Congregation Beth Israel, Los Angeles, Calif., protesting against transmission through the mails of documents bearing the legend "How to Destroy the Jews", or similar inscriptions, and praying for the enactment of legislation to prevent such matter being carried in the mails, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a telegram from Jerome D. Greene, secretary to the Harvard University Corporation and director of the Tercentenary Celebration, relative to the joint resolution (S. J. Res. 247) authorizing the recognition of the three hundredth anniversary of the founding of Harvard College and of the beginning of higher education in the United States, and providing for the representation of the Government and people of the United States in the observance of the anniversary, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 3671) for the relief of Howard Hefner, reported it with an amendment and submitted a report (No. 1944) thereon.

Mr. BLACK, from the Committee on Claims, to which was referred the bill (S. 2575) for the relief of Emma Gomez, reported it with amendments and submitted a report (No. 1945) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

H. R. 6163. A bill for the relief of Mrs. Murray A. Hintz (Rept. No. 1946); and

H. R. 6258. A bill for the relief of D. E. Woodward (Rept. No. 1947).

Mr. BAILEY, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 8506. A bill for the relief of Oliver Faulkner (Rept. No. 1948);

H. R. 9170. A bill for the relief of Montie Hermanson (Rept. No. 1949);

H. R. 9370. A bill for the relief of Frank Cordova (Rept. No. 1950);

H. R. 9373. A bill for the relief of H. L. & J. B. McQueen, Inc., and John L. Summers, former disbursing clerk, Treasury Department (Rept. No. 1951);

H. R. 9455. A bill for the relief of Robert J. Mann (Rept. No. 1952);

H. R. 11052. A bill for the relief of Joseph M. Purrington (Rept. No. 1953); and

H. R. 11346. A bill for the relief of H. R. Heinicke, Inc. (Rept. No. 1954).

Mr. BAILEY also, from the Committee on Claims, to which was referred the bill (H. R. 8705) for the relief of Claude Curteman, reported it with an amendment and submitted a report (No. 1955) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 949) for the relief of R. R. Purcell, reported it with an amendment and submitted a report (No. 1956) thereon.

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

H. R. 10308. A bill to amend article 3 of the "Rules concerning lights, etc.", contained in the act entitled "An act to adopt regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States", approved June 7, 1897 (Rept. No. 1957); and

H. R. 11036. A bill to amend section 4321, Revised Statutes (U. S. C., title 46, sec. 263), and for other purposes (Rept. No. 1958).

Mr. NEELY, from the Committee on the Judiciary, to which were referred the following bills, reported them each without amendment and submitted a report as indicated:

S. 4100. A bill to incorporate the Veterans of Foreign Wars of the United States (Rept. No. 1959); and

H. R. 9244. A bill providing for the establishment of a term of the District Court of the United States for the Northern District of Florida at Panama City, Fla.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H. R. 10847) to authorize the acquisition of land for cemeterial purposes in the vicinity of New York City, N. Y., reported it without amendment and submitted a report (No. 1960) thereon.

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

S. 3041. A bill to authorize the appointment of John Easter Harris as a major, Corps of Engineers, Regular Army (Rept. No. 1961); and

S. 3405. A bill for the relief of Capt. James W. Darr (Rept. No. 1962).

Mr. BURKE, from the Committee on the Judiciary, to which was referred the bill (S. 4457) authorizing the appointment of an additional circuit judge for the third district, reported it without amendment.

NATIONAL FLOOD CONTROL

Mr. COPELAND. From the Committee on Commerce, I report back favorably, with an amendment in the nature of a substitute, what is known as the omnibus flood-control bill, being the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, and I submit a report (No. 1963) thereon.

Mr. President, there may be Senators who will be moved to suggest amendments to this bill. It will help the committee very much if such amendments shall be presented and printed in order that they may be given consideration. Most of them will have to go to the Board of Army Engineers, and it takes time to get their reports. Likewise, with reference to the declaration of policy, there may be those who feel that it should be modified. The committee will greatly appreciate immediate notice of any ideas Senators may have,

because we are going to ask the leader at the earliest moment to allow us to present this bill for consideration.

The bill is very much modified from the form in which it appeared last year. It carries about half as much money. Every project in it has been considered by the appropriate committees of the two Houses and by the Army Engineers. I think I may say, in all truth, that it is a well-worked-out and scientific flood-control measure. It does provide for local contributions. It seemed to a majority of the committee that, inasmuch as benefits involving $350,000,000 are provided by the Federal Government, the States and localities benefited should make a contribution of at least $100,000,000, as provided in the bill. The method of the allocation of the benefits is described in the bill, and I hope the measure may, in the near future, receive the favorable consideration of the Senate.

The VICE PRESIDENT. Without objection, the report will be received and the bill will be placed on the calendar.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on April 24, 1936, that committee presented to the President of the United States the following enrolled bills:

S. 713. An act granting jurisdiction to the Court of Claims to hear the case of David A. Wright; and

S. 929. An act for the relief of the Southern Products Co.

BILLS INTRODUCED

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

By Mr. BAILEY:

A bill (S. 4542) authorizing the Comptroller General of the United States to settle and adjust the claim of the Merritt-Chapman and Scott Corporation; and

A bill (S. 4543) for the relief of the Lee County Cotton Oil Co., a corporation; to the Committee on Claims.

By Mr. ROBINSON:

A bill (S. 4544) to authorize the Director of the Mint to prepare a medal commemorative of the continuous effort and service of Carrie Chapman Catt for the betterment of the status of women in the United States; to the Committee on the Library.

By Mr. CAREY:

A bill (S. 4545) for the relief of Earl M. Campbell; to the Committee on Military Affairs.

By Mr. SHEPPARD and Mr. CONNALLY:

A bill (S. 4546) to amend the Emergency Farm Mortgage Act of 1933, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. SHEPPARD:

A bill (S. 4547) to create a Federal Board of Foreign Trade and Commercial Policy; to the Committee on Foreign Relations.

By Mr. WHITE:

A bill (S. 4548) to correct the military record of Joseph A. Fournier; to the Committee on Military Affairs.

By Mr. GEORGE and Mr. RUSSELL:

A bill (S. 4549) authorizing the State Highway Board of the State of Georgia to replace, reconstruct, or repair the free highway bridge across the Savannah River at or near the city of Augusta, Ga.; to the Committee on Commerce.

By Mr. CONNALLY:

A bill (S. 4550) for the relief of Nathan Hartwell Fulton; to the Committee on Naval Affairs.

By Mr. WHEELER:

A bill (S. 4551) to authorize the addition of certain names to the final rolls of the Blackfeet Tribe of Indians in the State of Montana; to the Committee on Indian Affairs.

By Mr. VANDENBERG:

A bill (S. 4552) to extend the retirement privilege to the Director, Assistant Directors, inspectors, and special agents of the Federal Bureau of Investigation; to the Committee on Civil Service.

PROPOSED SILVER CONFERENCE

Mr. KING. Mr. President, I ask consent to introduce a joint resolution and request that it be read and appropriately referred.

The VICE PRESIDENT. Without objection, the joint resolution will be received, read, and referred to the Committee on Foreign Relations.

The joint resolution (S. J. Res. 254) authorizing the President to extend to the governments of America, including the Dominion of Canada, an invitation to attend a silver conference, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the President is authorized to extend to the governments of America, including the Dominion of Canada, an invitation to attend a conference for the purpose of considering and devising plans to increase the use of silver for monetary and other purposes, to bring about stabilization of the price of silver, and to formulate a uniform policy for such governments with respect to silver.

SEC. 2. The sum of $100,000, or so much thereof as may be necessary, is authorized to be appropriated for the expenses of such conference, including salaries in the District of Columbia or elsewhere, rent, printing and binding, printing of official meeting cards, travel and subsistence or per diem in lieu of subsistence (notwithstanding the provisions of any other act), stenographic and other services by contract if deemed necessary, and such other expenses as may be deemed necessary by the Secretary of State by reason of such conference.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 499) authorizing and requesting the President to extend to the Government of Sweden and individuals an invitation to join the Government and people of the United States in the observance of the three hundredth anniversary of the first permanent settlement in the Delaware River Valley, and for other purposes, was read twice by its title and referred to the Committee on Foreign Relations.

TRANSFER OF POWDER AND OTHER EXPLOSIVE MATERIALS

Mr. LA FOLLETTE. Mr. President, on Friday last, when the calendar was being considered under a unanimous-consent agreement, Senate bill 3646, to repeal an act of March 3, 1933, entitled "An act to provide for the transfer of powder and other explosive materials from deteriorated and unserviceable ammunition under the control of the War Department to the Department of Agriculture for use in land clearing, drainage, road building, and other agricultural purposes", was passed during my temporary absence from the floor. I have consulted with the chairman of the Committee on Military Affairs, the Senator from Texas [Mr. SHEPPARD], and it is entirely agreeable to him that I should ask unanimous consent that the measure be restored to the calendar.

Mr. ROBINSON. Mr. President, it will be necessary for the Senator to move a reconsideration of the votes by which the bill was ordered to be engrossed for a third reading and passed.

Mr. LA FOLLETTE. I had hoped that I could accomplish the purpose by asking unanimous consent. It is a bill concerning which I had previously spoken to the Senator from Texas, and he did not desire to have it passed in my absence.

Mr. ROBINSON. I take it there will be no objection to the request to reconsider the vote by which the bill was passed, but I think the Senator from Wisconsin understands that that is a necessary step.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that the votes whereby Senate bill 3646 was ordered to be engrossed for a third reading, read the third time, and passed on Friday be reconsidered and that the measure be restored to its place on the calendar.

Mr. McNARY. Mr. President, no doubt I would have no objection, but what is the nature of the bill?

Mr. LA FOLLETTE. It is a bill which proposes to repeal the law relating to the disposition of surplus explosives to farmers and others for the purpose of clearing land.

Mr. ROBINSON. May I also inquire of the Senator if he is informed whether the bill is in the possession of the Senate?

Mr. LA FOLLETTE. It is in possession of the Senate.

Mr. ROBINSON. Very well. I have no objection.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and the votes by which the bill was ordered to be engrossed for a third reading, read the third time, and passed, are reconsidered, and the bill will be restored to its place on the calendar.

GEORGE LAWLEY & SON CORPORATION

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 998) to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass., which was, on page 1, line 7, to strike out "being" and insert "in full settlement of all claims against the Government of the United States for."

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

The motion was agreed to.

A. RANDOLPH HOLLADAY

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1110) for the relief of A. Randolph Holladay, which was, on page 1, lines 6 and 7, to strike out "with all interest due thereon, as" and insert "in full settlement of all claims against the United States for."

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

The motion was agreed to.

WALES ISLAND PACKING CO.

Mr. COPELAND. Mr. President, the other day a bill came from the House of Representatives, being the bill (S. 753) to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co., with the House amendments; and there was a difference of opinion between the House and the Senate as to the percentage which should be paid lawyers. Without knowing what the difference was, I had asked that the Senate disagree to the amendments of the House and that conferees be appointed. I now ask unanimous consent that the vote whereby the amendments of the House of Representatives to the bill were disagreed to and a conference was requested with the House thereon be reconsidered and that the action of the Presiding Officer appointing the conferees on the part of the Senate be rescinded.

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

Mr. KING. Mr. President, what did the bill provide?

Mr. COPELAND. The bill made provision for payment to lawyers or agents, and so forth, of 20 percent. The amendments on the part of the House provided for a reduction to 10 percent.

I now move that the Senate concur in the amendments of the House.

The motion was agreed to.

EFFECT OF LONG- AND SHORT-HAUL CLAUSE ON NEW ENGLAND INDUSTRIES

Mr. WALSH. Mr. President, I ask permission to have inserted in the RECORD an article entitled "Industry in New England and the Effect of the Proposed Repeal of the Long- and Short-Haul Rule", having reference to section 4 of the Interstate Commerce Act. The article was prepared by the fourth section committee of the New England Traffic League.

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

INDUSTRY IN NEW ENGLAND AND THE EFFECT OF THE PROPOSED REPEAL OF THE LONG- AND SHORT-HAUL RULE—SECTION 4, INTERSTATE COMMERCE ACT

SOME REASONS FOR CONTINUING IN FORCE THE PRESENT LAW

Considerable agitation at the behest of various railways for the repeal of the fourth section of the Interstate Commerce Act (long- and short-haul clause) resulted in the message of the Pettengill bill in the House of Representatives. The bill is now before the Senate for consideration.

It is the view of the New England Traffic League that the long- and short-haul clause of the Interstate Commerce Act should not be repealed. It would be a sad day, indeed, for New England industry if the Senate enacts the Pettengill bill into law.

The New England Traffic League offers the following for your consideration:

THE PRESENT LAW IS SUFFICIENTLY BROAD TO PROTECT THE INTERESTS OF THE SHIPPERS AND THE RAILROADS

Paragraph (1), section 4, of the Interstate Commerce Act, in effect today, contains the following proviso:

"*Provided*, That upon application to the Commission such common carrier may in special cases, after investigation, be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the Commission may from time to time prescribe the extent to which such designated common carrier may be relieved from the operation of this section; but in exercising the authority conferred upon it in this proviso the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed, and if a circuitous rail line or route is, because of such circuity, granted authority to meet the charges of a more direct line or route to or from competitive points and to maintain higher charges to or from intermediate points on its line, the authority shall not include intermediate points as to which the haul of the petitioning line or route is not longer than that of the direct line or route between the competitive points; and no such authorization shall be granted on account of merely potential water competition not actually in existence."

It can readily be seen that the Interstate Commerce Commission, under the present law, may authorize a carrier to charge less for a longer haul than for a shorter haul over the same route, provided the rates are "reasonably compensatory."

Furthermore, it might be of interest to note that, over a period of 10 years, the Interstate Commerce Commission granted approximately two-thirds of the applications of the carriers for fourth-section relief. Therefore, it must be apparent to all that the law, as it now reads, is no hardship to the railroads nor to the affected shippers.

If the law is repealed, the carriers can publish rates to the more distant points which are not "reasonably compensatory" at the expense of the intermediate points; at the expense of the boat lines; and at the expense of the New England shippers in particular.

GEOGRAPHICALLY NEW ENGLAND SHIPPERS ARE VIRTUALLY OUT ON A LIMB

So far as New England industry is concerned, it must be borne in mind that the New England manufacturers can ship south and west only, while manufacturers in the Central West can ship in all directions. New England is, so to speak, out on a limb when it comes to distribution by rail.

The boat lines have made it possible for the New England manufacturers to reach the South, Southwest, and the Pacific coast at rates which enable them to do business. In fact, the Pacific coast is an important market for New England-made merchandise. However, if the fourth section is repealed, it requires no stretch of the imagination to see that this important market may be taken over by the central western manufacturers.

The transcontinental lines are the prime movers back of the repeal of the fourth section. They wish to publish rates to the Pacific coast territory which will be low enough to divert the traffic now moving via water to the railroads. In the process, manufacturers in New England will lose a large share of the Pacific coast market to the Central West manufacturers because the manufacturers in New England will then be unable to lay down their goods cheaper on the Pacific coast than the central western manufacturers. Low transcontinental freight rates will deprive New England of its geographical advantage of being located on the Atlantic seaboard.

There is just so much business to be had in the Pacific coast territory. New England manufacturers are now getting their share because of the Panama Canal route. New England cannot hope to increase its business in that territory by the repeal of the long- and short-haul clause. On the other hand, the central western manufacturers will no doubt get lower rates from the railroads, which will attract a substantial amount of business at the expense of New England manufacturers. New England now has an advantage which will be taken from it by the enactment of the Pettengill bill.

The foregoing applies with equal force on business enjoyed by New England manufacturers in the South and Southwest.

AMERICAN MERCHANT MARINE WILL BE INJURED

There can be no question that the American merchant marine is an important adjunct to our transportation scheme. In fact, the Federal Government has spent millions of dollars in subsidizing a strong merchant marine on which we can rely in case of war. Yet the advocates of the repeal of the fourth section of the Interstate Commerce Act completely ignore the fact that if the railroads are allowed to publish unduly low rates to the Pacific coast ports it will be done at the expense of the intercoastal steamship lines. There is no gainsaying the fact that low rates will be published by the transcontinental railroads from the central west to Pacific coast port cities so as to attract business away from New England shippers and the boat lines.

It is true that the railroads are suffering from lack of business and many railroads are in financial straits, but cannot the same be said of our boat lines? Are we going to enact laws which will injure them? We owe as much to our boat lines as we do to our railroads—nothing must be done to injure either. Each has its place in the sun; and if the boat lines can haul the traffic cheaper than the railroads, the boat lines are entitled to the business.

Furthermore, the Interstate Commerce Commission can, under the present law, authorize the railroads to publish lower rates to the Pacific coast ports than apply to intermediate points, provided the rates are "reasonably compensatory for the service performed." If the rates are not compensatory, they are unlawful. Can any law be fairer than that? The only result and purpose of rates that are not compensatory would be to attract business away from the boat lines, and the loss incurred by the railroads for hauling noncompensatory traffic would have to be made up in the rates to intermediate points. Can this be called fair?

The intercoastal lines cannot compete with the railroads to any large extent or area because they are limited to the port cities. On the other hand, the railroads reach all parts of the country. They already have a tremendous advantage over the boat lines, and they also reach the port cities.

I. C. C. DECISIONS TRANSCONTINENTAL CASES

In the Transcontinental cases, 1922, the Interstate Commerce Commission said in part as follows:

"Moreover, in section 500 of the Transportation Act, 1920, is expressly declared the policy of Congress to foster and preserve in full vigor both rail and water transportation.

"We think the amendment was the Congress' way of saying that we should follow a less liberal policy in dealing with departures from the long- and short-haul rule than had been followed in former years."

And in Transcontinental cases of 1926, the following appears:

"The record shows that the total tonnage, both eastbound and westbound, of all water lines (Panama Canal boats) is but a very small fraction of that of the transcontinental carriers operating west of Chicago. It is evident, therefore, that the diversion of any substantial tonnage from the water lines would have but an inappreciable effect on the net revenue of the rail carriers."

On the other hand, the diversion of any substantial tonnage from the water lines might well ruin some of the intercoastal steamship companies. Would that be in the public interest? Obviously it would not, but that may be the result if the fourth section is repealed or revised.

EASTERN RAILROADS WOULD LOSE MUCH TRAFFIC AND REVENUE

It has been said that the purpose of the repeal of the long- and short-haul clause of the Interstate Commerce Act is to enable the railroads to secure more business and revenue. Let us see if this is true so far as the eastern railroads are concerned.

In the first place, it is a known fact that the eastern roads get more revenue for hauling traffic to the intercoastal lines at the eastern ports than they would get out of their divisions of the transcontinental rates. That being true, how will the eastern railroads be helped?

PUBLIC PROTECTION

Under date of March 12, 1934, Commissioner McManamy wrote a letter to Chairman RAYBURN, of the House Committee on Interstate and Foreign Commerce, presenting the recommendations of the Interstate Commerce Commission. He reviewed at some length the history of the fourth section and set forth the judgment of the I. C. C., as follows:

"H. R. 8100 does not propose to leave even a qualified prohibition in the law against maintaining the kind of discriminations prohibited by section 4, but proposes to repeal the prohibition entirely. We are unable to understand how the public interest would be served by enactment of such a bill. Experience has shown during the years before and since the enactment of the act to regulate commerce in 1887 that special measures are necessary to prevent the peculiar form of undue prejudice and discrimination which may be created by the establishment of higher rates for shorter than for longer distances. Section 4 was designed to protect the public against this special kind of prejudice and discrimination. * * *

"We are of the opinion that the record of the carriers with respect to the establishment of higher rates for shorter than for longer distances during the nearly half a century since the enactment of the original act has fully demonstrated the need for further protection of the shipping public against the kind of discrimination and prejudice resulting from the establishment of higher rates for shorter than for longer distances than that afforded generally by those sections of the act other than section 4, and it is our view that the long- and short-haul provision of that section should be continued in force to insure this protection."

JOSEPH B. EASTMAN, COORDINATOR OF TRANSPORTATION, SPEAKS

"So far as water transportation is concerned, you know what happened in the past when the railroads had a free hand and swept the inland waterways practically free of competing craft. In an open fight, without let or hindrance, the advantage lies with the form of transportation which has the largest reserves of traffic upon which other transportation agencies cannot encroach, and with all of the competition by which they are beset, the railroads still have the edge in that respect. In that connection I suggest that you who have the interest of water transportation at heart may well keep an eye on the attempts which are being made to wipe out the long- and short-haul clause of the Interstate Commerce Act (the Pettengill bill). I venture this suggestion lest there be a repetition of our early experience with destructive competition."—Joseph B. Eastman, Federal Railroad Coordinator, before the National Rivers and Harbors Congress, Washington, D. C., April 30, 1934.

FEDERAL COORDINATOR'S REPORT TO CONGRESS ON TRANSPORTATION LEGISLATION

There is quoted below what the Coordinator of Transportation had to say regarding the fourth section of the Interstate Commerce Act in his fourth report on transportation legislation recently released:

CHANGES IN RAILROAD LAW

"With one exception, no occasion has arisen for changing the recommendations heretofore made with respect to amendments to what is now part 1 of the Interstate Commerce Act. The exception relates to the proposed bill to restore the fourth section to the form which it had prior to the legislation of 1920. If this were done, it would remove the following limitations upon the granting of fourth-section relief which were added by the Transportation Act, 1920:

"(a) That the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed.

"(b) That if a circuitous rail line or route is, because of such circuity, granted authority to meet the charge of a more direct line or route to or from competitive points and to maintain higher charges to or from intermediate points on its line, the authority shall not include intermediate points as to which the haul of the petitioning line or route is not longer than that of the direct line or route between the competitive points.

"(c) That no such authorization shall be granted on account of potential water competition not actually in existence.

The reasons for such amendment were fully discussed in the second report of the Coordinator (S. Doc. No. 152, 73d Cong., 2d sess.), at pages 66–72. The elimination of (b) was regarded as important, but not the elimination of (a) or (c)."

The reason for eliminating the clause described in (b), which is known as the equidistant clause, is briefly that it has given rise to serious practical difficulties in the administration of the section. In this connection reference may be made to Commodity Rates on Lumber and Other Forest Products (151 I. C. C. 763), which sets forth these difficulties in detail and the differing views which commissioners have entertained as to the interpretation and application of this clause. They have been avoided by a construction of the law which some commissioners believe to be valid and others do not. A sound conclusion is that the clause is unnecessary and undesirable and ought to be eliminated.

The clause described in (c) has caused no difficulties, but embodies a principle which was uniformly followed in the administration of the section before the clause was inserted in 1920. To make it fully applicable to present conditions, the word "water" should be eliminated, so that it may relate to all forms of potential competition.

The elimination of the clause described in (a) was favored on the ground that it was a "provision of indefinite and uncertain meaning" which "adds nothing but controversy" to the section.

However, upon further consideration and in view of the discussion of this matter which has taken place before committees of Congress, it appears that there is danger that the elimination, both of (a) and of (c), might be construed by the courts as evidence of an intent to change the policy heretofore followed by the Commission in the administration of the section. Upon the assumption that the water carriers will be brought under further regulation, the change in the fourth section should be confined to the elimination of the clause described in (b).

THE BURDEN OF JUSTIFYING DEPARTURE FROM THE FOURTH SECTION SHOULD REMAIN ON CARRIERS

It is claimed that from a practical standpoint the Interstate Commerce Commission can control any rate situations that might be brought about by reason of the repeal of the long- and short-haul clause of the fourth section of the act because of its power to prescribe both maximum and minimum rates. We question very much the accuracy of this contention inasmuch as the Commission has stated in a number of its decisions in cases where it was specifically requested to exercise its authority to prescribe minimum rates that "we have said a number of times that this power should be exercised only when necessary in order

to avoid substantial public injury (*Ex-Lake Iron Ore from Chicago to Granite City*, 123 I. C. C. 503, 504)."

Looking at this matter from a purely shipper's view permit us to point out the peculiar situation in which they will be placed should this fundamental protective provision of the fourth section of the act be repealed. Under the present long- and short-haul clause carriers are prohibited from departing therefrom in the publication of rates except when they have obtained permission or relief from the Commission. In connection therewith, shippers have also the right of appearing at any hearing that may be held in such fourth section matters. Repeal the present long- and short-haul clause and what follows? Carriers may publish any rates that they may see fit to publish to gateway or junction points to meet motor-truck competition or even carrier or commercial competition, without the need of applying to the Commission for permission to do so.

There is every possibility that competitive adjustments of rates prescribed by the Commission as between important producing sections will be destroyed if this change is made. The burden of justifying any departures of the long- and short-haul clause of the fourth section of the act is now on the carriers, in the first instance, and it should remain there. Shippers should not willingly assume the burden of protesting against prejudicial changes in rates that will result if this change is made.

NEW DEAL EXPERIMENTS—ADDRESS BY BERNARR MACFADDEN

Mr. McNARY. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject "Amateurs Gambling with National Prosperity", delivered by Mr. Bernarr Macfadden, publisher of Liberty, before the Harrison County Republican Women's Club, at Clarksburg, W. Va., on April 16, 1936.

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

AMATEURS GAMBLING WITH NATIONAL PROSPERITY

Let us look at the record of the New Deal. Has it helped or hindered the economic progress of our country? It has restricted our progress toward recovery to an unbelievable degree.

The public mind is confused on this issue on the theory that the New Deal administration began on March 4, 1933, when the President was inaugurated. Now, the New Deal program and the New Deal activities as we know them and as Rex Tugwell intended them to be long before President Roosevelt was inaugurated, did not begin until August 1, with the inauguration of the N. R. A., and the actual aims of the New Deal were not realized even in part until after the 1st of September 1933.

There was absolutely no similarity between the attitude of the President toward business or toward the Constitution from March 4 to the time of the introduction of the N. R. A. in comparison with his attitude toward business and American institutions after the introduction of this bureaucratic control. Bear that statement in mind and it will then be possible to fairly and justly judge the New Deal.

Now, let us go back over the early days of the Roosevelt Administration, that we may conclusively prove to any nonpartisan mind that the New Deal system of regimentation and antibusiness activities were entirely unnecessary, that they prolonged human suffering and the other evils associated with unemployment for more than 2 years.

I charge the New Deal with direct responsibility for stopping the greatest surge toward unprecedented prosperity that any country in the world has ever experienced in a period of 150 days. I gladly give President Roosevelt—during that time when he was a Jeffersonian Democrat—full credit for stemming the tide of a disastrous financial panic. Indelible records of historical events from September 1, 1933, to the present time, compel me to accuse President Roosevelt of bringing on a political depression needlessly after he had stopped a financial panic.

To judge President Roosevelt, it is necessary to judge two entirely different political policies—entirely different national policies—prosecuted by one man during the short space of 7 months. In other words, I repeat, to prevent misquotation, that the New Deal was directly responsible for creating a new depression after 5 months of Jeffersonian democracy had ended a panic and brought the entire country into one hard-working cooperative unit.

I will cover the high points of one of the most memorable 5 months in American history and prove my contention by letting the last 33 months of New Deal confusion speak for themselves.

Franklin D. Roosevelt took office in one of the darkest periods in American economic history, an acute situation that developed mainly between the time Roosevelt was elected and inaugurated. The real story of why that acute situation developed, placing every bank in the United States in jeopardy, has never been fully unfolded. It is a dramatic tale and should some day be told.

Now, in the first soul-searing days of the Roosevelt activities the President of the United States followed a Jeffersonian policy and his first act electrified with confidence a fearful and frightened people. When the banks were closed by Executive order the country waited breathlessly for the all-important statement that would herald their reopening. We will always remember how breathlessly the entire Nation waited for the most memorable radio address ever delivered by one man.

Before Mr. Roosevelt began that talk the people of this country were held in the grip of panic; when the President closed his address the financial panic, as such, was over. Finished! The stage was set for a consistent and dramatic return to normal prosperity. And Mr. Roosevelt with Jeffersonian directness courageously placed himself on record. He demanded the immediate balancing of the Budget. He was not content with just talking about it. He secured the reduction of pensions paid to certain classes of soldiers and descendants of soldiers. And that took some courage. Those veterans made a howl that reverberated all over the country. He breathed the spirit of vigorous cooperative effort.

He appealed equally to all factions throughout the Nation. He praised American institutions and called for sacrifices for the common good. He dramatically declared that we had nothing to fear in this country but fear itself—and that soul-stirring statement welded all warring factions of American life together, as though they were drawn by a powerful magnet.

It did more to start a definite return of prosperity than Congress could possibly do with years of its lawmaking.

Yes; those were dramatic days.

All of my publications vigorously supported this new Chief Executive, who had dispelled the clouds of fear and doubt and had brought all groups of American people together on common ground. In those remarkable 150 days the Chief Executive was praised to the housetops because of his absolute fairness to people in all walks of life.

Party lines had faded away. Factional differences of a partisan nature also disappeared. In fact, there were no opposing factions; bankers and businessmen, workers and farmers dropped their antagonism and rose en masse to support the Chief Executive.

We had prayed for a leader and here, apparently, was a mastermind.

It is safe to say that 90 percent of the American people were solidly back of the new administration, and the other 10 percent were refraining from criticism.

But the new President was not talking about regimentation; he was not belittling the Constitution, nor was he casting aspersions on the Supreme Court.

Now let us view the succeeding events. The administration's activity under Jeffersonian democracy between March 4 and the introduction of the N. R. A. proves conclusively that the New Deal policies were never necessary, that they were positively destructive.

Now let us quote a few facts. They are amazingly interesting, because they are supported by irrefutable records.

On March 4, wheat in Chicago was 55 cents a bushel. A little more than 5 months later the price stood at $1.17 a bushel. This, of course, before the A. A. A. came into being, and incidentally let me add that wheat never did reach that price under the A. A. A.

Cotton in New Orleans was $6.39 a hundred pounds when Roosevelt took office. A little more than 5 months later it had advanced to $10.75 a hundredweight, the most dramatic gain recorded in the cotton market in many years.

In the 5 months previous to the introduction of the N. R. A., cotton advanced twice as much as it did in the next 33 months, although hundreds of millions of dollars were poured into the cotton district during the latter period. In other words, the great upturn in cotton came before the New Deal A. A. A. policy and not after.

Now let us view the industrial records during those months, before the New Deal N. R. A. policy come into effect, and compare them with the latter 33 months under the New Deal.

On March 4, 1933, steel production stood at 18 percent of normal. On the 1st of August, after the greatest 5 months' advance in steel history, production stood at 58 percent. New furnaces were opened up and "help wanted" signs were appearing in steel mills all over the country.

But now note how the business barometer acted. The average price of all industrial stocks on March 4, 1933, stood at 40 percent of normal. A little more than 5 months later in a spectacular advance they had reached 83 percent of normal, or in other words, all listed industrial stocks had more than doubled in value. The average of all railroad stocks stood at 39 percent of normal on March 4. They had advanced 86 percent a little more than 5 months later. The average price of public-utility stock stood at 67 percent of normal on the 4th of March. They advanced to more than 100 percent normal by little more than 5 months later. This advancement in price was as close to a miracle as this country has experienced in its entire national life.

Now, suppose we review the unemployment situation between March 4, 1933, and August 15. Previous to the N. R. A., mind you, 3,000,000 men went back to work on private pay rolls. It is doubtful if such a great number of men have returned to work in the same length of time in our national history.

When Roosevelt was elected, unemployment stood at 10,000,000. When he was inaugurated, this figure had increased to 13,000,000. On August 1, 1933, previous to the introduction of the N. R. A., under Jeffersonian principles and policies, unemployment had receded to slightly under 10,000,000.

Yes, we can truly state that the panic was over. The end of the depression was then in sight. Yet the great upswing had not even scratched the surface of the great awaiting market which had accumulated over a period of 3 years.

Under the normal momentum of this great upsurge in prices and employment, every idle man should have returned to work within a year and a half after the President's inauguration.

The stage was set to bring this desired condition into reality. Never before had there been greater cooperation between all factions. Never in our history was there greater cooperation between business, labor, agriculture, and the Government. Probably never in our history did an administration proceed for 5 months totally free of criticism from any direction.

And then the bubble burst. Constitutional government was forgotten. The astounding results of a century and a half of capitalistic democracy was thrown to the winds. And here is what happened.

Almost overnight President Roosevelt turned his back on the governmental policies that gave us nearly half of the wealth of the world and a standard of living for workers far above that furnished by any other nation. He threw aside Thomas Jefferson, Grover Cleveland, and embraced the principles of Rexford Tugwell and Felix Frankfurter.

By the 1st of September everyone knew that the Tugwellian theory of socialization was transplanting the policies of the sound advisers that previously surrounded the President. Men like George Peek, who did not believe in restriction of agriculture but who advocated development of foreign market and protection of farm prices in our local market; Lewis W. Douglas, who had sound ideas on Budget balancing; and James P. Warburg, who had thorough experience in financial circles; and many other advisers were completely ignored; and the socialistic policies of the so-called "brain trust"—Tugwell and Frankfurter—were adopted.

That marked the beginning of the N. R. A. and the New Deal as we know it now—the New Deal that this administration is asking us to support for 4 years more.

On the 1st of August the N. R. A. came into effect, and a lot of violent strikes came with it—Toledo, Minneapolis, the textile strike, and the general strike in San Francisco—they will never be forgotten. Suddenly the entire advance of industrial activity and business confidence stopped as if struck by lightning.

For weeks and months no manufacturer, no employer knew where he stood. Businessmen who had been favorable to the N. R. A. while it was being framed in Congress as a purely temporary and voluntary regulative agency suddenly found that it was not a regulative measure.

Under the influence of the "trust" that some people call "brainless" the N. R. A. immediately became a control body; and the employer, instead of being a cooperator with the Government and the employee, actually became a servant of both the Government and the employee.

This was never intended while the N. R. A. was being rushed through Congress. It was this complete reversal of Government policy that doomed the N. R. A. before it started.

With the principle of N. R. A. changed from voluntary to compulsory the handwriting was on the wall. Businessmen from coast to coast were stunned.

The prosperity advance staggered and stopped.

Businessmen by the thousand, small and large, left their places of business and journeyed to Washington, where they helplessly warmed chairs, waiting to find out what wages they could pay, what work they would be allowed to do, what hours they could operate on, and what effect a hundred and one other rules would have on their business activity.

Never in our history were employers thrown into greater confusion.

And what was the immediate result?

Well, the business surge not only stopped; it went right back downhill at an amazing rate.

In a few months steel operations dropped from 58 percent to 25 percent of normal. Unemployment began to increase before the ink was dry on the N. R. A. proclamation, and before the end of the year a million more men were added to the ranks of the unemployed.

This is what the New Deal did to both commercial activity and public confidence. By winter of 1933 the socialistic angle of the New Deal plan developed in earnest.

The hard-headed principles of Jeffersonian Democracy were completely discarded and the crystal-gazing New Deal philosophers, Tugwell and Frankfurter, began intensive development of their socialistic ideas. They turned Congress into a rubber stamp to pass their various communistic laws.

And the whole American scene was changed.

And here is why it changed.

During the dark days from 1929 to 1933 depositors had lost confidence in banks. The public had lost confidence in business, and, although business had confidence in government, the depression continued so long that there was a definite lack of confidence everywhere. In the first half of 1933 Franklin Roosevelt, as a Jeffersonian Democrat, changed that picture. Depositors regained complete confidence in banks. The public began honest cooperation with business, and business retained complete confidence in government.

In other words, the tremendous advance after Roosevelt's inauguration toward unprecedented prosperity was the result of complete cooperation between business, labor, agriculture, and the Federal Government.

But when the Tugwellian New Deal philosophy struck like a cyclone in August of 1933 that desirable situation changed completely.

Almost overnight business lost its confidence and became thoroughly suspicious of the brain trusting Tugwell-Frankfurter influence in administrative circles. As months went by their fears were found fully justified. Laws were proposed and enacted completely foreign to the policies and principles of both the Republican and Democratic Parties.

The administration changed all of its cooperative attitude toward business and became openly antagonistic.

And this was the first time in the entire history of our country when an administration took sides between great American groups and threw its strength against one specific group.

The country now faced a genuine dilemma. To stop the dangerous increase of unemployment the New Deal was compelled to spend billions of dollars for artificial employment. But it did not decrease unemployment.

But the New Dealers remained blind to facts. They refused to recognize the monthly significance of the unemployment records, and that blindness has caused tremendous unnecessary human suffering.

It has caused a nation to wallow in uncertainty for 33 months which should have been the most active and the most prosperous in our history, and would have been if Franklin Roosevelt had continued after the first 5 months to support the principles of Jeffersonian democracy so clearly advocated in the 1932 platform.

Then like a streak of light from heaven came a break in this endless procession of doubt and fear. With the constant attack on recognized constitutional principles, actual ruin of this country was prevented by the momentous Supreme Court decision on the N. R. A. last year. That decision returned to businessmen their confidence in the Supreme Court branch of their Government. Once more we were a country governed by law—not personal whim.

Not only did the N. R. A. decision put the brakes on the systematic subjugation of American business to bureaucratic tyranny but it served another equally important purpose. It laid the first firm foundation for a steady upturn in stocks and business activity. The President and the members of the Cabinet predicted 35-cent wheat, 6-cent cotton, wages cut to pieces, and the return of chaotic conditions because of the Supreme Court decision. We find after 9 months that wages were not cut, which upset the theory of the administration that Federal control was necessary for the establishment or the maintenance of fair wages.

We find on the other hand that instead of the chaos predicted several great corporations, with confidence in the protection of the Supreme Court against the despotic activities of vindictive demagogues—actually threw millions into plant rehabilitation. They announced the intention of doing so within a month after the electrifying decision was handed down.

From the date of this deathblow to New Deal expansion we have witnessed the first signs of solid business confidence since the N. R. A. was installed, proving conclusively that the upturn we are now enjoying is due to the belief among businessmen that the New Deal sun is setting.

And that decision marked the beginning of the end of the "brain trusters'" dream of sovietizing the United States.

It should have shaken President Roosevelt's confidence in the omnipotence of the Tugwell-Frankfurther dreamers. But it did not. The President has retained these two men, and it is stated has drawn away more and more from sound advisers.

Now, let us make one thing clear. Mr. Roosevelt is President of the United States and is therefore responsible for the official acts of the Tugwell-Frankfurter "brain trusters." We must stop placing blame for unworkable New Deal policies on the hirelings of the administration. It is the President who is responsible, and he cannot escape the burdens of this responsibility.

Now, let us look at the employment record. The New Deal began on August 1, 1933, and on that day there were slightly less than 10,000,000 unemployed. Just 1 year later there were 10,500,000 unemployed. Two years later there were nearly 11,000,000 unemployed, and on the 1st of February 1936—3½ years later—there were more than 12,000,000 unemployed.

In other words, under the New Deal unemployment in the United States has increased by more than 2,000,000.

Can the New Deal be termed successful with such a disastrous record?

When the New Deal policy came into power in August 1933 the administration promised that within a few months everyone would be back to work. We all remember General Johnson's promise to put 5,000,000 unemployed back to work by fall. Which we later learned was just a lot of cheap "baloney." After spending billions of dollars now, 31 months later, there are more than 2,000,000 unemployed than when the New Deal philosophy began to operate. This is in direct contrast to the nearly 3,000,000 men who went back to work while Roosevelt was still a Democrat—when he was trying to carry out the principles of the Democratic platform.

Is it necessary to produce further proof to convince the American people that the New Deal is a failure and a menace?

It has increased unemployment—it has saddled the country with billions of unnecessary debt—it has vastly multiplied the power of the bureaucrats and greatly increased their numbers of appointed satellites.

It has prevented commercial activity that would have created millions of independent happy homes that are now subsisting on an undernourished dole. Can we say that this is the essence of the loudly heralded humanitarianism?

Of course, we must not forget the promise that the forgotten man must be found and helped. Well, the New Dealers found the forgotten man all right, but it was the tax collector they sent after him. Here is how it was done.

In 1929, 68 percent of all taxes paid were collected directly from property owners, business and professional men, while the indirect taxes paid by the forgotten man and the consumer amounted to 31 percent.

In 1935 only 38 percent of the taxes were collected directly from property owners, business and professional men, while the indirect taxes paid by the forgotten man, by everybody who paid rent, or bought merchandise of any kind had jumped to 61 percent.

The indirect tax load on the forgotten man had just doubled, although his burden was supposed to be heavy enough before the new dealer started looking for him.

Now, what is the solution? And how long is it necessary to keep 12,000,000 men idle when we know that there is sufficient work available to put everyone back on the pay roll who wants to work?

And the answer is, Not one day longer than the return of a common-sense relationship between Government and business. And when we say business, we mean employers and employees.

The Government is deluded in its present claim of steadily advancing prosperity. In consumable goods we are very close to normal and have been for 2 years. But in the durable-goods market, which is the generating power for real prosperity, we are no more advanced than we were when the New Deal started in August 1933.

It is the stagnation in the durable-goods market that is holding up the whole prosperity procession.

More than $50,000,000,000 of durable-goods market awaits nothing more than fair dealing between the Government and business. It is now paralyzed by fear.

In this industry 5,000,000 men are idle who were working in 1928. The tremendous accumulated 5-year market will make it necessary to employ between 7,000,000 and 8,000,000 men in this one line for many years to come.

And when this work starts most of the men will receive skilled-labor wages. A million seven hundred thousand men can then go back to work on farms, where they were displaced by the A. A. A., that brilliant New Deal creation which robbed the American farmer of his foreign market, caused the importation of millions of dollars' worth of foodstuffs from foreign shores, and developed millions of acres of new cotton land in Brazil to permanently displace our cotton which we formerly sold in foreign markets.

Whatever the New Deal failed to do for us it has done for Brazil and other foreign countries that profited by the willful destruction of American agricultural products.

Possibly Mr. Roosevelt and Mr. Wallace were thinking of the peons in Brazil when they started on the crusade to help the forgotten men.

Let me say without fear of reasonable contradiction that whenever the Government of the United States returns to sound constitutional policy and treats business with the same equality and consideration that it treats labor and agriculture, every man in this country who wants work will be able to find it in a remarkably short time.

The Government invasion of private enterprise, the confiscatory program of taxation, and the Government's senseless antagonism to all business enterprise is the paralyzing power that is today withholding work from 12,000,000 idle men and prosperity for all of our citizens.

The New Deal has turned into a raw deal, and it must be exterminated.

The New Deal in America is a direct outgrowth of the movement in Europe to destroy democracy, seen in the rise of Hitler in Germany, Mussolini in Italy, and Stalin in Russia. It is, therefore, an importation from the garbage cans of the Old World. "Planning" and socialism are the same thing.

We have employed in Washington about 1,200 Socialist amateur professors to govern us. And they are trying to invent an ointment that will take the place of sweat. Twelve hundred monkeys housed in our magnificent buildings in Washington with branches to swing from and typewriters to play with would have done less harm. They have taught us to destroy and to spend as the way to achieve success and power. They have attempted to strike the word thrift from our language. In all the bills introduced, in all the articles written, and the documents issued by these amateurs the word "thrift" has never been used once. The idea has never once been hinted.

The new teacher tells us the way to glory is by way of the poorhouse. We are asked to become a nation of paupers and dependents without self-respect. Waste, destruction, scarcity, and beggary are the new national ideals.

To hell with thrift!

We can grow happy and strong by destroying crops of cotton, corn, and wheat, while men and women go naked for clothes and hungry for bread made of wheat and corn. The greatest crime in the history of humanity was the destruction of our crops and livestock. The next greatest crime in the history of America was robbing of millions of the people to enrich a few farmers. Secretary Wallace has paid to his native State of Iowa $72,804,000 to kill their hogs and cattle and stop raising them. This brilliant thing was done in order to mark up the price of bacon, pork, ham, sausage, and steak to be paid by the poor housewives of the rest of our country. Before this we paid 12 cents a pound for pork. Now we pay 24 cents. Abundance is a misfortune.

When the real story of the crimes committed by these silly experimenters is told it will stagger the world. Enormous sums were paid to rich farmers for not raising hogs, for not raising corn, for not raising wheat. It has been revealed in the partial investigation conducted that one wealthy farmer got, in 2 years, for not raising hogs the enormous sum of $219,825—a fortune out of your pockets and mine for doing nothing. Another rich farmer was paid $168,000 out of our tax money for not raising hogs. A rich southern cotton planter was paid $168,000 for not planting cotton, and a farmer in Kansas $78,638 for leaving his land idle. The records show that three farmers got $466,463 for doing nothing. It is surely no wonder that we have not balanced the Budget, but are plunging daily deeper and deeper in debt.

For years our soap-box Socialist orators have been shouting: "Four percent of the people own 87 percent of our wealth." This dangerous and utterly vicious lie has been repeated until millions of people believe it, and it has now been adopted as a fact by our present administration. What are the facts?

In the lowest year of our recent history the total wealth of the Nation was two hundred and forty-seven billions. Eighty-seven percent of that would be two hundred and fourteen billions owned by 4 percent of the people. This would leave but thirty-two billions for the remaining 96 percent of population, according to the Socialist orator.

Statistics show that we have 10,000,000 families who own urban homes worth thirty-eight billions. Six million farmers whose lands are worth forty-three billions. Eight million building and loan shareholders own eight billions in assets. Twenty million automobile owners hold cars worth eight billions. Twenty-four million security holders own stocks and bonds valued at seventy-six billions. Sixty-three million people hold life-insurance policies worth eighteen billions. Forty-four million people have savings-bank deposits worth twenty-four billions. A total of $215,000,000,000 worth of property in the hands of 91 percent of the total adult population.

Our national annual income is placed at 82 billions. Employees receive 67 billions of this and capital but 15 billions.

If we should soak the rich and confiscate all incomes over $150,000 a year and distribute it, each one of us would get the magnificent sum of 23 cents a month for 1 year—and nothing thereafter. If we should confiscate every dollar of income above the modest sum of $5,000 and distribute it, we would each of us get $2.32 a month for 1 year—and nothing thereafter.

The simple truth is that we have the widest distribution of wealth and the highest standard of living for the masses of any nation of the world in this age or any other of human history.

Make no mistake about it. Central control excludes individual liberty. There is no middle ground. We can have a free country or a Socialist-controlled state. We cannot have both. Our system cannot be half free and half socialistic any more than it could be half slave and half free.

There can be no compromise on the issue. This country is a democracy, and governmental regimentation has no place in it. If there is any stability and self-sacrifice in the Republican Party, the New Deal nightmare will end on November 3, 1936.

AGRICULTURAL POLICY AND GOVERNMENTAL EXPENDITURES—ADDRESS BY SENATOR CAPPER

Mr. CAREY. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by the Senator from Kansas [Mr. CAPPER] on the subject of a national agricultural policy and a reduction in governmental expenditures.

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

Friends in the Grange and friends of the Grange, it always is a pleasure to talk to the Grange. One feels at home with the Grange. I have been a member of the Grange for close to two decades. I have been an admirer of the Grange and the Grange policies, both agricultural and general policies, for nearly half a century. I regard the Grange as the balance wheel among the several great farm organizations. Grange leadership for a half century has been forward looking, but at the same time it has not rushed out so far in front of the march of progress as to lose its connection with things as they actually are. The Grange has a habit of finding facts. It has the habit of facing realities. So I do not feel it necessary in speaking to a Grange audience to indulge in many preliminary words of introduction. I shall try to get right down to what I have to say and say it as briefly and concisely as possible.

I propose to discuss just two subjects in the few minutes we have together today. First, the need of a sound national agricultural policy based on things as they are, not based on political expediency. The farm problem is an economic problem, not a partisan political problem. It is a crime to make the farm issue the football of politics. Second, the almost equally crying need for a reduction in governmental expenditures. I want to commend the Grange for its consistent and continued opposition to extravagant and unnecessary expenditure of the public tax money.

It is not necessary in talking to the Grange to indulge in figures of speech nor to tell any funny stories. One can confine himself to facts; one is safe in using such figures as tell those facts. It is not necessary to tell the Grange that there are some 6,800,000 farms in the United States, with a total value of nearly 33,000 million dollars. There are also almost 33,000,000 men, women, and children living on these farms engaged in earning their livelihood.

SHRINKAGE IN FARM VALUES

In 1920 the average farm was valued at $12,000; in 1930 it was valued at $9,000; in 1935 it was valued at $4,480. We hear a lot of talk about a balanced Budget. A balanced Budget for agriculture in the United States would mean an annual farm income of more than $13,000,000,000. Instead, we find it is still under $8,000,000,000, even including Government benefit payments. The World War brought about dislocations in foreign trade and changed the status of the United States from a debtor to a creditor Nation. We need a foreign market for American farm products. Any program adopted must have that objective in view. But we may as well face the fact that a large foreign market is not open to us in the immediate future.

Unless and until we regain a substantial part of our foreign markets, the American farmer must figure on getting the bulk of his income from the American market. I want to emphasize one point right now. No farmer, no friend of agriculture, no American with an American viewpoint, can afford to forget it for a minute. The American farmer is entitled to the American market for his products. No administration, no political party, no farm leader, no national leader, has any business, nor any right, through trade agreements or any other policy, to trade off the American market to farmers of any other nation. American agriculture today faces a restricted market for its products. That restricted market, except for cotton and a few minor crops, is the United States of America.

I have felt for years, and still feel, that American agriculture receives an inadequate income. That inadequate income means that the American farmer does not have the purchasing power necessary to keep industry going, to furnish jobs for American labor. Now, what can be done about it?

LONG-TIME AGRICULTURAL PROGRAM

First, the long-time program must include—probably should be based upon—conservation of our most valuable national resource, the soil itself. That will require a national land-utilization policy, such as was advocated by the Republican National Convention in its 1932 platform. Second, there is necessary some means of adjusting supply of agricultural commodities to the market demand for these commodities. As the matter stands today it is not possible for the American farmer to sell enough of his products at world price levels to overcome the discrepancy between the world price level and the domestic price level. That means, if and when he attempts to increase his income by increasing his production beyond domestic market demands, he produces surpluses. The law of supply and demand works unfailingly. A surplus production means a lower price; the larger the surplus, the lower the price. The domestic price drops to the world level. That helps force the world price level still lower; this lowered world price again is reflected in the domestic price level. You cannot escape the law of supply and demand.

In addition to the soil-conservation and soil-erosion control program, and in addition to such adjustment of production to consumption as may be incidental to this program, there are at least four other major steps which I consider necessary to a prosperous agriculture. I will state these briefly:

First, the American farmer is entitled to and must be guaranteed the American market. For most commodities not on a recurring annual surplus basis this can be effected through the protective tariff system, which I believe can be made effective for agriculture. Second, tariff equivalent payments—subsidies, if we wish to call them that—should be made to producers of at least four basic commodities—wheat, cotton, hogs, and tobacco. These payments should be based on the percentage of the total production required for domestic needs. Third, provision must be made, through Government aid, for disposing of these surpluses in foreign markets and stabilizing the domestic markets. One way of accomplishing this is through cooperative marketing associations, with Federal backing. Another is through well-organized programs for utilizing the foreign exchange created through our purchases of agricultural commodities not economically produced in this country, such as coffee, rubber, sugar, and so forth. The exchange so created, properly handled, could be used to help dispose of our own agricultural surpluses in foreign markets. Fourth, there must be more adequate financing of agriculture at lower interest rates. I believe the farmer is entitled to an interest rate of 3 percent on Federal farm loans. This is not only necessary for agriculture but it will go a long way toward promoting the general welfare.

TIME TO FACE THE FACTS

Now my friends, I believe the time has come to get down on brass tacks in looking at the fiscal picture of the Government of the United States. One cannot do that without using figures and stating facts. That is what I propose to do in the next few minutes. You may not consider facts and figures interesting, but I assure you that you have a great and real interest in them just the same, because these facts and figures deal with taxes. You pay the taxes. If you are well-to-do, a large part of your income goes to the Federal income by the direct-tax route—income and inheritance taxes. If you are poor, a still larger proportion of your wages and other income goes to the Federal Government through indirect taxes—on things you have to buy to live. If you are neither rich nor poor, but are in what is known as the great middle class, you pay both direct and indirect taxes. I recently saw it stated this way: The Jones family, total income $3,000 a year, pays some $23 a year direct Federal taxes, and more than $50 a year indirect Federal taxes. Last year some 20 percent—that is, one-fifth—of the total national income went to taxes—Federal, State, and local. You may not find the figures interesting, but you have a most decided interest in them just the same.

Now, let's see if we can get the Federal Budget problem reduced to simple language. In the years just preceding the World War, the Federal Government cost about $700,000,000 a year—just under three-quarters of a billion dollars. It is interesting to note that even in those days the bulk of the Federal revenue went to the Army, the Navy, and for pensions—payments for past and future wars. The expenditures for war purposes have been too great. The cost of running the civil Government was around $200,000,000 a year.

Came the World War. Expenditures shot skyward. We spent 18,000 million dollars in just 1 year of that war. We levied new income and profit taxes, which brought in from three to four billion dollars a year. New internal taxes raised another billion dollars a year. The Federal deficit went from zero to 9 billions, then to 13 billions for a year. We met that deficit by borrowing. At the end of the World War, the Federal public debt was just under 26 billion—26,000 million dollars. That 26 billions looked pretty large in 1920. It does not look so large now, when we face a public debt of 36 billions or more by the end of the next fiscal year.

Now, let's see what happened in the decade succeeding the end of the war. In the first place, instead of raising around $700,000,000 a year, the Federal Government in the post-war decade raised around $4,000,000,000 a year. But the running expenses of the Federal Government were only $3,500,000,000 a year. Five times as much as before the war, to be sure. But still $500,000,000 less than receipts. Uncle Sam had a budgetary surplus of one-half billion dollars a year. That $500,000,000 a year surplus was used to reduce the public debt. By 1930 the public debt had been cut from $26,000,000,000 to $16,000,000,000, a reduction of more than one-third.

STAGGERING PROPORTIONS OF PUBLIC DEBT

By the end of the fiscal year 1933—that is June 30, 1933—revenues were down to $2,000,000,000, or $3,000,000,000 less than was expended. The public debt had increased to $22,500,000,000, or $179 per capita. The Federal Government spent $5,143,000,000 in the fiscal year 1933, the last year of President Hoover. During the present fiscal year the Government will spend more than $8,000,000,000.

On June 30, 1935, the public debt was $22,538,000,000. The deficit for that fiscal year was $3,063,000,000. For the present fiscal year the deficit will be upward of $4,000,000,000. Next June 30 the public debt will be upward of $36,000,000,000. We cannot say exactly what will happen the next fiscal year, but we do know that the deficit will be again upward of $4,000,000,000, and the public debt will be greater than $36,000,000,000 by June 30, 1937.

That is a public debt per capita of $282, compared to $131 in 1930, or about $1,350 per family, as against $600 per family in 1930. Where does all this money go? Well, the regular civil government cost is about $700,000,000 a year.

Paying for past and future wars is costing $2,500,000,000 a year. This includes Army, Navy, veterans. We are spending too much for big battleships and military establishments. This year's appropriations for that purpose break all peacetime records!

GOVERNMENTAL MACHINE BECOMES UNWIELDY

We have added a great many new bureaus and commissions. We have added 265,000 people to the Government pay roll in the last 3 years. Thousands of these are not needed.

Now, who is going to pay all this money? You and I, and our children and their children. Every one of us is going to pay his share.

My friends, that is something to think about. I say no country can continually go into the hole at the rate of 3,500 million to upward of 4,000 million dollars a year without facing ultimate bankruptcy.

I say to you, the Federal Government must stop spending that extra $4,000,000,000 a year and must stop it right soon. We cannot go on spending $2 for every dollar we take in.

How are we going to cut down these expenditures? Only through the cooperation of the White House, Congress, and the people of the country. We cannot depend upon the spending agencies to cut down expenditures; they will naturally spend what they can get. The people themselves will have to force the reductions in expenditures. It is your job. It is my job. You can see for yourself it is a big job.

And it is a job that will have to be done. I intend to do my part to see that the job is done in a way that will meet with the approval of the Grange and the other farm groups of the country.

UNFAIR TRADE PRACTICES—ADDRESS BY SENATOR LOGAN

Mr. BAILEY. Mr. President, I ask unanimous consent to have printed in the RECORD an able and interesting address delivered by the junior Senator from Kentucky [Mr. LOGAN] to the Alexander Forum at New York City on the 26th instant. In the address the Senator from Kentucky discussed the so-called Robinson bill to prevent unfair trade practices.

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

Let me say at the outset that I have no interest in the legislation now pending in Congress to prevent price discrimination other than to favor such legislation as will be for the best interest of those affected by the legislation. Any legislation may benefit some persons and adversely affect others, and in the consideration of such legislation the old rule of "the greatest good to the greatest number" should prevail. As citizens of this Republic for generations we adhered to the laissez faire doctrine, but if that doctrine is followed to its logical conclusion it reaches the point where affairs are settled on the old rule that he shall get who has the power and he shall keep who can. Liberty of the individual should not be restricted more than is necessary to prevent his doing harm to the body politic.

It was on October 15, 1914, that the law known as the Clayton Antitrust Act became a statute of the United States. The purpose of the act was to make it unlawful for any person engaged in commerce in the course of such commerce, either directly or indirectly, to discriminate in price between different purchasers of commodities where such discrimination may be to substantially lessen competition or tend to create a monopoly in any line of commerce. The act, however, contained a proviso that nothing in the act should prevent discrimination in price between purchasers of commodities on account of differences in the grade, quality, or quantity of the commodity sold, or that made only due allowance for difference in cost of selling or transportation, or where a discrimination in price was necessary to meet competition in the same or different communities.

The Robinson-Patman bill is an amendment to the Clayton Act. That the Clayton Act should be amended seems to be conceded by all who are familiar with the purposes of that act. A number of bills have been introduced in the Congress, in the Senate and the House, proposing amendments, but an examination of all of those bills has convinced me that the Robinson bill as reported to the Senate more nearly accomplishes the purposes intended than any other. There are provisions in the Utterback bill reported to the House with which I do not agree. The fact is that I am afraid that the Utterback bill adds little of importance to the Clayton Act as it now stands, but it may be a step in the right direction, although a rather short step.

The bill which I favor is the Robinson bill as reported to the Senate. Its provisions have been misunderstood, misinterpreted, and their meaning perverted by those who perhaps oppose any legislation on the subject. Those who oppose any legislation on the subject are men of ability and experts in their line, and they have pursued the well-known strategy in attempting to divide those who favor such legislation into hostile camps, and have largely succeeded in doing so.

It is my judgment that if the Congress should be made to understand the simple provisions of the Robinson bill there would be little, if any, opposition to it. The special pleader, however, has been able, by presenting technical arguments based on a false premise, to confuse many Members of the Congress. It is a favorite practice of those who oppose legislation to set up a strawman and then demolish him to their own delight. Letters, telegrams, pamphlets, briefs, and oral statements attacking the bill have been made at provisions that are not found in the bill, or else aimed at the provisions of the Clayton Act which has been in existence for 22 years. Because of the falsity of the statements that have been so made, many of them in good faith, because of efforts that have been made to mislead, I shall take this occasion to state simply the provisions and purposes of the Robinson bill.

It has been found that the provisions of the Clayton Act may be easily evaded, and that it has been evaded, and that it is not effective to prevent the evils that it was intended to remedy when it was enacted. It would not be possible to answer arguments that have been advanced against imaginary provisions of the bill. I can only address myself to the bill itself as I understand it.

It is well known that the Clayton Act has been violated in spirit by the practice of certain large buyers who demand the allowance of brokerage direct to them upon their purchases, or its payment to an employee, agent, or corporate subsidiary set up by such buyers in the guise of a broker and through whom they demand that the sales to them be made. To allow payment or allowance under the guise of brokerage when no service is rendered permits the evasion of the provisions of the Clayton Act. The Robinson bill prohibits discrimination in the nature, or under the guise of brokerage, where it is but a subterfuge and is intended only as a rebate to the buyer. That is one of the chief points in the Robinson bill. It does not interfere, either directly or indirectly, with legitimate brokerage. A broker employed by the buyer in good faith to find a source of supply, or by the seller to find a market is legitimate and the broker so employed discharges a sound economic function and is entitled to appropriate compensation by the one in whose interest he serves. The Robinson bill does not interfere with his legitimate function. To permit a payment, or allowance, to a dummy broker where no service has been rendered should not be allowed, as it is only a means of price discrimination, and the Robinson bill attempts, through this amendment to the Clayton Act, to do what the Congress intended to do in the first place.

Another means of evading the Clayton Act was what may be described as fraudulent service allowances. Customers with large purchasing power demand of the sellers, and the sellers grant, special allowances in purported payment of advertising and other sales promotional service which the customer agrees to render with reference to the commodity which he secures from the seller, or at other times with reference to his business generally. Service allowances are legitimate if legally used and made for a legitimate purpose.

The Robinson bill does not interfere with legitimate service allowances, but such an allowance becomes unjust and is a means of price discrimination when the service is not rendered as agreed and paid for, or if rendered the payment is grossly in excess of its value, or where the customer is deriving benefits to his own business and is thus enabled to shift to the seller substantial portions of his own advertising cost while the smaller competitor who cannot command such allowances must bear the burden himself. The Robinson bill, as I have said, recognizes that service allowances are legitimate, but it attempts to remedy the evil that has grown up of using service allowances to bring about price discrimination. The Robinson bill does nothing more than to provide that such service allowances shall be reasonable and fair, and that they shall be extended to all alike in proportion to the amount of the purchase, and that when made they shall be made for the legitimate purpose intended, and that the purchaser may not under the guise of such allowance promote his business in other lines thus shifting a part of the cost of conducting his business to the seller. If the language of the Robinson bill interferes in any way with service allowance made in good faith, I cannot find the language, or I fail to understand it. The service allowance by the provisions of the Robinson bill must be made to all purchasers on proportionately equal terms.

The third point in the Robinson bill is the provision regulating quantity discounts or rebates. The bill allows discriminations in price between, or among, purchasers belonging to the same group. A certain discount may be allowed to the purchaser who buys for resale, to wholesalers, to retailers, or to consumers, or for use in further manufacture, but the same discount shall be allowed to each purchaser within the particular group within the limits prescribed by the act. Differentials may be allowed which make only due allowance for differences in the cost, other than brokerage, of manufacture, sale, or delivery resulting from the different methods or quantities in which such commodities are to such purchasers sold or delivered. This provision is broad enough to allow every differential that is just. Efficiency is taken care of as it is reflected in the cost. Quantity differentials are allowed, as they should be. If one concern is efficient and produces its goods at a less cost than another, that is a proper basis for differences in price, or delivery resulting from the differing methods or quantities in which such commodities are sold may form a just basis for a differential in price as among purchasers. I do not believe that anyone will contend that a seller should be allowed to sell his goods at less than cost. Eventually such a practice would result in bankruptcy to the seller, as well as to many others engaged in the same line of business. There is nothing, however, in the Robinson bill which prevents discounts in any amount, so long as the same discounts are extended to all customers in the same class. If it costs more to manufacture and deliver goods to one customer than it does to another customer, there may be a difference in price as between the two particular customers.

There is nothing in the bill that prevents discounts based upon quantity; but since such discounts may be abused and the customer of large purchasing power may, by reason of his ability to buy in large quantities, get an advantage that ought not to be allowed, the Robinson bill contains a provision that the Federal Trade Commission may fix and establish quantity limits as to particular commodities, or class of commodities, where it finds that available purchasers in greater quantities are so few as to render differentials on account thereof unjustly discriminatory, or promotive of monopoly in any line of commerce. This is a wise provision. There should be some regulation of quantity discounts if such discounts tend to promote a monopoly. After all, it is antimonopoly legislation.

Another provision in the Robinson bill is the fixing of measure of damages of any who may have been damaged by reason of the violation of the provisions of the act. Instead of providing penalties and fines for a violation of the law, a measure of damage is set up, and the person claiming that he has been damaged by reason of forbidden discrimination or allowance found to have been granted is authorized to go into a court and establish his case if he can. No one may reasonably object to such a provision. There should be no wrong without a remedy, and the individual who has been wronged is entitled to the remedy. If his business has been hurt, or he has suffered a loss because he has not been treated the same as other purchasers in his group, he should have just compensation, and this will do more to bring about the enforcement of the law than any fine that might be imposed.

Congressman CELLER, the distinguished gentleman who opposes the Robinson bill, or rather what he calls, in his minority report to the House, the Utterback-Robinson bill, has expressed well his views in the minority report which he has filed. He is entitled to his views on the subject. I think without any good reason therefor he assumes that if the bill should be enacted it will throttle efficiency and increase production and distribution cost, and if that should result it would raise prices to the consumer. There is nothing in the Robinson bill that would have any such effect. There is nothing in it that affects production or distribution methods.

When it is contended that the Robinson bill would increase the price to consumers I must point out that the effect of the

bill might be to reduce the price to consumers instead of to increase it. Roughly speaking, the buyers, known as the chains, sell about 20 percent of the commodities consumed in the entire Nation. There is no reason at all why their prices should be increased if the Robinson bill should be enacted, but if the independents are treated on proportionately equal terms with the large buyers it may well be argued that the price to 80 percent of the consumers would be reduced. Even the most hypercritical view of the Robinson bill cannot lead to the conclusion that there is any justification for the contention that the price to the consumer will be increased. Representative CELLER, in his minority report, presents many arguments against the bill aimed at provisions that are not found in the bill and are not subject to the construction which he has placed upon the language in the bill.

The bill reserves full freedom of the seller to make differentials by reason of any savings in cost, whether operating or overhead, that can be identified as between different customers or classes of customers. This is as far as the bill may go, and it is as far as it does go. Differences in cost must be identified and cannot be left to speculation. Otherwise the provision would be evaded. The bill imposes no restraint upon the use of economy and efficiency either in production or distribution.

I know that it is argued by the distributors, as well as by sellers and buyers, that it would be impossible to identify the cost that should be apportioned to any particular transaction. Such an argument is ridiculous in the extreme. No businessman could long remain in business if he did not know whether he was selling above or below cost, or if he did not know what it cost him to produce and distribute his goods. Such an argument cannot be made in good faith as it is contrary to common every-day experience in all business lines for a businessman to say that he cannot ascertain his cost of production and distribution. The difficulty with the argument of Representative CELLER is that he misconstrues the plain language of the bill itself. There is not a provision in the bill that would allow price fixing.

There is nothing in the bill that, in any way, need interfere with the seller or the buyer who has no desire to satisfy greed or selfishness. The bill does not attempt to put the business or manufacturers and the process of distribution into a strait jacket. It does not regulate manufacturing or distribution. It prohibits certain things which are illegal, unfair, and result in inequitable price discriminations. There is nothing to prevent selling to the larger buyer at a less price than to the smaller buyer. The minority report submitted by Representative CELLER, in commenting on the power of the Federal Trade Commission under the Robinson bill, wholly misconceives the purpose of that provision; and I believe, upon further consideration, he will withdraw his statement in regard thereto. The Utterback bill contains no such provision, and in that it is defective.

The Federal Trade Commission is not given power to establish price-differential limits. It is only given the power to fix quantity limits. Let me further say that the provision of the bill has no relation whatever to the National Recovery Act declared unconstitutional by the Supreme Court. It may be that one of the defects in that act was to allow a tendency toward monopoly. While the Robinson bill is to prevent that tendency.

The attack made on the constitutional soundness of that provision of the bill which extends to discrimination for or against intrastate customers to the prejudice or advantage of interstate customers, in my judgment, is without any foundation under the decisions of the Supreme Court. If a practice toward a customer in one State affects another customer of the same seller in another State that undoubtedly would constitute a direct burden on interstate commerce.

Businessmen are often short-sighted and the same may be said of our statesmen of the past. We reach out for the advantages immediately before us without looking down the aisle of time to determine the effect of our present actions. If present-day business practices are tending to drive out of business the smaller-business man doing a vast majority of all the business of the Nation along certain lines the time would eventually come when those controlling large purchasing power will have a complete monopoly on the things necessary for existence. When that day shall come we have no reason to believe that the consuming public will be the object of the fratenal care of those who have control of business. It is to prevent the coming of that day that such legislation as is proposed in the Robinson bill is necessary. No one can stand in the way of progress. Old conditions must change and new conditions arise, but new conditions must not be allowed to control the affairs of the country unrestrained by laws fixing the channels and directing the course of such new conditions.

ADDRESS BY SENATOR THOMAS OF UTAH TO AMERICAN SOCIETY OF INTERNATIONAL LAW

Mr. BURKE. Mr. President, at the Thirtieth Annual Meeting of the American Society of International Law held in Washington, April 23 to 25, the junior Senator from Utah [Mr. THOMAS] was elected to the vice presidency of the society to fill a vacancy which was caused by the death of the Honorable George W. Wickersham.

At the annual banquet of the society on April 25, the Senator from Utah delivered an address entitled "After 30 Years." I ask unanimous consent to have this address inserted in the RECORD.

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

Nineteen hundred years before a wise man with a telescope showed that the universe was not made to serve the earth, and twenty-three hundred years before modern thought and science put man relatively in his place, a feast was given attended by men who loved thought and letters, the description of which now has a place in the literature of the world. Said one of those present: "Is not God great and is not nature grand, for here we have wild fowl, fish, and the beasts of the field all slain that we might enjoy them, servants and slaves to serve us? Truly Heaven remembers us, and nature is kind to provide its abundance." To this, though, a young man present replied: "Because man has servants and slaves, and because man is favored above the animals and has the flesh of fowl, beast, and fish to eat is not proof that God created them for man. If you praise God for his foresight in providing for you the good things of nature, then gnats, fleas, and mosquitoes may praise God for creating man for them, because they live on man. It is not well for man to think that he lives on other creatures, better for him to think that he lives with other creatures and that all get life from the same source, Mother Nature herself." The prepositions "on" and "with" are common little service words, but the difference in the thought which they render is a difference of two cultures as wide as continents separated by an ocean. Internationally our problem is age old. Shall nations today live on other nations or shall they live with other nations?

The feast described above took place about the same time that logic was invented. The theory advanced was not the first reasoning in accordance with modern social thought, because a century and a half earlier the social aspect of the moral and religious commandment, "Thou shalt not kill", was given to the world by the great teacher who based his entire thought on nature instead of on revelation, and who made morals a matter of mutual relationship between men rather than the result of a command. It was he who taught his followers to "kill not the ox, for the ox is man's associate in the labor of the field."

It is in the realm of ideas that I trust we may keep our thoughts tonight. From the beginning of that time when people acted in groups almost to the very present, nations and peoples have never questioned the right to live on other nations and peoples. The theories of self-control and self-restraint when applied to nations, still by no means universally accepted, are not much older, as an expression of international right, than half of the past 30 years.

The outstanding phase in the realm of the evolution of ideas is the one which clusters about a notion of extending law to places where there had not been law before. At no time in the entire world have we had a law that spoke for all the world. The ancient theories about law in both the East and the West developed a concept which was called the law of nature and which was assumed to be universal. The second century anno Domini saw the civilized parts of Europe and Asia administered from two centers represented by the great Han dynasty in China and the Roman Empire in the west. The Petrine theory of the church and the universal theory of the holy Roman Empire aimed at unity, but never were the facts of unity further from attainment. A telling restraint was impossible even in ordinary affairs. America was known only to those who lived here.

Today, politically speaking, there is no central authority. We speak of a world court, but even if its jurisdiction were world-wide, its judgment against a state could be enforced only when that state accepted the judgment. There is a society of nations extensive in scope, but that society exists not for itself but for the benefit of its individual members. It itself cannot legislate, it itself cannot enforce. It can only discuss and recommend. If it is thought of as a unity its parts act merely out of a sense of duty to an ideal of national behavior and not from force either implied or actual. States are the only members of this society. Persons do not belong to it. There are no citizens of the League of Nations. In its constitution there is no place for a theory concerning citizenship as we have it in the fourteenth amendment of our Constitution. These simple facts the thoughtless overlook.

Throughout history, when men and rulers gave lip service to a universal rule, the titles of kings and emperors reflected an unquestioned authority wherever the name of the king or the emperor could be thundered. But there was no unity. Today when the concept of real unity is heard only in a prayer to a universal or an eternal God, and all States stand in theory equal to all others, we have more actual unity than the world has ever seen before. It is the irony of history that when the fact of universal authority was asserted, the world had no united will, and that now when the fact is denied, sovereign States show restraint and give at times assent to a united purpose. In this we may have the key to a better world. From this we may learn that the bonds of steel and the bonds of force are as weak as the threads of a spider when compared to the bonds of sentiment. Where, then, shall effective international morality rest? Shall it rest on the strength of steel, on the forced contract, on the might of powder and shell? History has but one answer—strength, when asserted, has destroyed itself.

Institutional evolution in the past 30 years has developed the ability to destroy on a wide scale quite as much as the ability to preserve on a wide scale. But even in this there is food for thought. War has attained a possible mightiness which causes us to say that no longer do men fight men and armies fight armies, but whole peoples fight peoples. The aim to destroy, therefore, is so large that nothing is exempt. Modern war justifies the killing of the babe in the cradle because he is a potential soldier, and the destruction of all property because it may lend indirect assistance. In future war the individual will lose all rights and private property all security. Even in our country in the last war we became so logical in the administration of the Draft Act that persons were denied the right to volunteer for service as soldiers.

My point may be illustrated by studying the theory of proposed laws to cover future wars. But the best illustrations are the actual ones bound in such illegal war as Chapei and the present military ventures in Africa. Therefore we drop bombs from the sky on anything and everything and we would sink and poison en masse regardless of time and place. Under such circumstances, what is happening to the man who is made part of this destruction? Does it take a heroic man to drop bombs on a defenseless village? The element of courage is about as lacking as it would be in the man who has the stamina deliberately to run an express train over a child who happens to be playing on the tracks. When the chief job of a Roman legionnaire became that of attendant at crucifixions Roman soldier esprit de corps became nil, and a soldier's life lost its glamour. Strength always destroys itself. I do not wish to cast any sort of reflection. I know the thrill of a uniform, and to me a nation in arms fighting a righteous cause is still a glorious page of history, but we must note what is actually happening.

For years armies and navies have done less fighting than anything else. The political and economic necessity of a great army in most military lands today is more important than its defensive or offensive necessity. This may be worthy of thought: Think back the history of navies since steel and iron ships were invented. During our Civil War about 600 vessels were under hostile fire. Since the Civil War to date we have used some 700 ships of iron or steel construction, 176 have seen action, but only 3 out of 700 have been destroyed. Even in the Great War there was such a preponderance of allied navy that most of our stronger units were kept on this side of the Atlantic. One reason for this was the shortage of cargo tonnage, which made the problem of supply for great ships across the ocean important. These are facts of history. Their significance is known to those who know that life is merely a process of change and history merely an explanation of that change. Armies and navies are justified and are justifying themselves more and more by services other than mere offense and defense. When in the process of change their purposes become spent they will fall of their own weight. Of course few are willing to wait for the processes of history, and happily this is so, but the gods give to but a very few the blessing of making great history. Generally history makes the great man.

It is, then, to the realm of the idea that we must turn to find encouragement. In our changing attitudes we shall find them justified as they have been justified in the past by our building concepts for political, social, economic, and national action upon accepted theories concerning physical law. In illustrating this point I shall not take you back to the ancient world. I shall stay in modern times. In the days when Newton's theory dominated thought about the physical world, political and national well-being, we assumed, rested upon the theory of balance. Our Constitution reflects Newton. Our liberty was to be maintained on a balance power in government. It was assumed that the forces in government were in constant opposition. The laws relating to the push and the pull in nature were transplanted and thought of as being fundamental, and they actually did dominate man in his thoughts about himself and other men.

When the Darwinian theory became the controlling thought, men beheld themselves and judged mankind a growing organism, or they saw man himself as an evolving animal. From this observation came the theory of change which brought about the acceptance of war on the basis of the survival of the fittest, or which supported the concept of peace on the basis of cooperation and mutual aid. The Darwinian theory lent itself to two opposing attitudes, one that we win by combat, the other that we go forward by mutual endeavor.

Today, very much more than anyone is conscious of it, we find our governing concepts based upon ideas which always reflect a relative association. Our fundamental thought is probably based on Einstein. We are faced with a present deduction that all things are relative and that the absolute is gone. Sovereignty is a relative proposition. National independence of action, like the freedom of the individual, has varying bounds and restraints. Perfection will be attainable but never attained. This brings us, of course, to the human social philosophy of the relative good—not the highest good as an absolute, but the best good as an objective. There is some hope for a better world if we can bring about the universal acceptance of these attitudes for both men and nations.

We must break down the absolutes if good will is to reign in the earth. An absolute in an international clash justifies us in killing a man because he is a Frenchman, or because he is an Italian, or because he is an Englishman! That is an indictment of civilized thinking, and properly such reasoning is being tempered by a changing attitude. Still we are in the midst of a struggle to overcome this thought. Just as we had assumed that the great victory for individual man had been won when the law of citizenship was made to rest on place of birth rather than upon the fact of blood, we find a great state reverting to the blood notion. This, though, in an international sense, is that state's way of handling the problem of a minority. This reference may thoughtlessly cause us to assume that the world as a whole is slipping back, but individual man who finds himself a member of a minority group can count mighty gains for his class in the last 30 years. Before the World War in Europe there were 40,000,000 people who were counted among the minorities—today there are but 10,000,000. Present-day Russia's treatment of her minority groups is such a striking contrast to the old Russia's method that this problem of world-wide significance may find its solution in that land. If it should, what an epochal change we have witnessed without being conscious of it.

I count as the outstanding gain of the past 30 years the statute of Westminster adopted in 1931. The British Commonwealth of Nations came into existence as a result of the World War, for that war and its peace brought to an end the legal structure of the British Empire. Once again history calls our attention to the irony of crooked thinking. When the parts of the British Empire were given separate seats in the Assembly of the League, the overly wise and overly cautious observers of our own land overlooked the real importance of that act. They presumed British selfishness and the stacking of the League Assembly with British votes. This was not so, as the statute of Westminster proves. The arrangement was, in fact, the recognition of the principles of independence. Since 1931 an act of the Canadian Parliament is final. There is no appeal to the British Parliament and there is no veto-ing of an act by the British Parliament. Read the law:

"No law and no provision of any law made after the commencement of this act by the Parliament of a Dominion shall be void or inoperative on the ground that it is repugnant to the law of England, or to the provisions of any existing or future act of Parliament of the United Kingdom or to any order, rule, or regulation made under any such act, and the powers of the Parliament of the Dominion shall include the power to repeal or amend any such act, order, rule, or regulation insofar as the same is part of the law of the Dominion."

That is a changed attitude. The idea as expressed now was not original with the British Government of 1931. It is old thought. It was developed out of American experience and first suggested to England in 1775 when our American fathers just 1 year before they adopted our Declaration of Independence offered the theory to the British Crown in what is known in our history as the Olive Branch Petition. Under the Statute of Westminster a dominion becomes a self-governing state, in Canada's case a republic, to all intents and purposes.

It is not for us here tonight to make the world over, but the stage is set for a mighty change in outlook—a new attitude which will result in a new relationship—and it has all been done by the most peaceful of processes and the highest law of the British Commonwealth of Nations and the Congress of the United States. Let us review what has taken place step by step. First England speaks to Canada thus: "That which your Parliament decides shall be unquestioned by us." What latitude for changed attitudes and new relationships! Secondly, Congress speaks: "When an American Republic finds itself at war with a non-American state our neutrality law shall not apply." Is that a changed attitude? No, say many, that is as old as our Monroe Doctrine. But that is hardly true, for our Monroe Doctrine is of our own making while the provision in our neutrality act is America's response to the spirit of a similar act initiated by certain Latin American states during the late war. At the council table of the Pan American Union there has always been a vacant chair—a thoughtful reservation made for Canada. The stage is properly set today in law and attitude for that seat to be taken. All Americans pray for its fulfillment. It should happen before President Roosevelt's proposed meeting of all the Americas in 1936.

Canada may now take her seat in the Pan American Union. Under the Act of Westminster she may assume the status of an American republic. She has long been a member in that sisterhood of states in spirit; now she may become a member in fact. The United States in her new neutrality law gave to Pan-Americanism and the Monroe Doctrine new meanings. Neighborliness reflecting mutuality presages the sisterhood of American republics.

The Monroe Doctrine, whether considered as an altruistic expression, a defensive measure, a reciprocal relationship, or a regional understanding, is still of our making and depends upon us for its perpetuation. It was never a static proposition, and it never will be, but the suggested concept of allowing it to evolve into the sisterhood of American republics and making it just that gives it an all-American ideal in very fact. With this changed attitude the responsibility for its maintenance no longer rests upon us; it rests upon the whole of North and South America. A union of spirit, a union of hope, a union of aspiration. A dream of a Bolivar come true! A dream even better than Bolivar's, for Bolivar thought in terms of a political unity. To us that thought seems, and is, an anachronism, for we know today a better and a surer unity. It is the bond of the spirit, a bond of mutual endeavor, a bond of mutual helpfulness. I shall leave this thought by reference to our ancient story, Shall we live on our neighbors or shall we live with our neighbors? There is a greater chance today that we will choose the latter than we would have done 30 years ago.

Are we dreaming idle dreams when we speak of a new world built on self-control and self-restraint? The motto of the new Monroe Doctrine and the new Pan American Union, if I have

caught its spirit, is, "In unity there is strength, but only in self-control is there unity." After 30 years some dreams seem to be coming true!

The last 30 years have given the world many an international institution. The outstanding ones are the Council and the Assembly of the League, the Permanent Court of Arbitration, the Permanent Court of International Justice and the International Labor Organization. These institutions are not static. If we view them even during their short lives we discover substantial growth. If we get too close we may become discouraged, because they are very human. In purpose these institutions are complex.

Adhering to the theory that history is a process of change, the first stage of the League's evolution represented a combination of capitalistic nations against a revolutionary Russia. That stage passed with Russia's entrance into the League, and with its passing an entirely new approach to world outlook should have followed. In the Pacific, Russia, although an outstanding Pacific power, was not a party to the Washington Conference and its treaties, this primarily because unconsciously the Washington Conference states accepted the League reaction against Russia. Russia's entrance into the League, like our recognition of Russia, gave Russia nothing which she was not entitled to, for she merely took a place which the covenant makers anticipated, but with her entrance there was a de facto change. Russia was no longer, either consciously or unconsciously, united against. As a naval power she was free to build, while Japan, her nearest neighbor, was bound by treaty. This change should have been apparent to all. I, for one, attempted to make this plain and suggested a consultation of powers bound by our Washington Conference treaties. Not a single editor, and I am sure no official saw my point. Japan had left her place of easy access to the ear of the world when she withdrew from the League. In the matter of China's territorial integrity, Russia again was not bound, although by her own acts she recognized the spirit of the nine-power pact and later assumed the general League obligations. Thus the five-power treaties both needed revision and expansion. But no nation made the suggestion. In Europe sweeping changes brought like results. Changes like these were anticipated by the League framers. Article 19, if properly used, would keep the League a living organism, and that is what it must be if it is to serve long. Even a rigid constitution must not be a static document. Change is life's first fact. A peaceful process, a new idea, a changed stage for action with new relationships should attract the attention of governments quite as readily as do marching feet. Until the world learns this hardest of all social and political rules there will not be prosperity at home or peace abroad.

The world organization is faced with three conflicts which must be settled before the League can become stable:

First. The conflicts growing out of the relation between the League and the treaty of which the League Covenant is a part. One of the chief duties of the League is to aid in the enforcement of treaty provisions. If a treaty provision is unjust and the League attempts to perpetuate the injustice, the League cannot help but fail. Such failures are due to the original injustice. We may illustrate this by our own experience with the treaty. History will record the fact that our country accepted all the harsh, warlike elements of the Treaty of Versailles and dodged responsibility for constructive elements leading to world organization for peaceful process; but it also stands to the glory of our country that we have never attempted to enforce our rights under the treaty. Had we attempted to enforce all our rights or all of Germany's promises under the treaty, our armies would be still in the Rhineland. Has America failed because we did not see that the treaty was respected? The League has done quite as well as we have on that score. Has America failed because the Dawes plan and the Young plan are not working and we are not succeeding in collecting our debts? America has condemned by legal and governmental action the war between Italy and Ethiopia, but the war has gone on. It would be as logical to condemn us as to condemn the League for what is happening. The problem is not easy. I do not blame anyone, but I do blame the useless loss of life and property, the useless misery when these are measured by the accomplishments. It is not the method of international control that is at fault; it is the wrongdoer among the nations. If war is a crime, it should be treated as a crime is treated; if it is a disease, it should be treated as a disease; if it is a thing of glorious honor, let us recognize it as such, repent of the fact that in a moment of thoughtlessness we condemned it, and glorify all that war stands for.

Second. The League idea for maintaining peace in the world is built upon the theory of preponderance—that is, all nations shall unite against an erring one. The alliance idea is built upon the balance theory. The two are in conflict. They do not and will not work together. I need not say more. My point is proved by the facts of today.

Thirdly. The great conflict which must be solved is whether the general theory or the particular right shall prevail. This problem has been our own. Even in our Federal Government we have not yet solved it. There is no way in the United States for the Federal Government to force a State against its will without creating civil war. Therefore, in the policies of world organization there will be no way of coercing a state against its will short of the use of war. If war is resorted to for the purpose of stopping war, war is increased, not diminished. It is on the acceptance of this political fact that I would suggest that we proceed. As long as the parts of world organization are sovereign entities, we must build on them and not upon the general idea. I can illustrate this by pointing out the primary reason why our naval conferences have not attained a more lasting success. We have attempted to approach the naval question in a general way by reducing tonnage, or the caliber of guns, or the number of guns or the instrument of destruction. That is definitely the wrong approach, because it invites substitution and causes the individual nation to attempt to gain advantages within the agreement. For example, if tonnage is reduced in an attempt to control size, a nation may build larger ships by reducing the armor weight.

There is only one rule that I know that can be successful in international relations, and that is that no nation asks another to do that which it itself would not do. Knowing this, why should we not attempt to make governments justify their own policies and their own defensive needs in the presence of other governments, instead of attempting to curb one another. A navy department can justify its need to its own parliament or congress, but never does it speak frankly when it talks to the outside world. Take our own case for example. If we have an idea that we must fight the combined strength of all the fleets in the world in either the Pacific or the Atlantic, let us figure out how many ships, how many men, and how many airplanes it would take to do the job, then go into a conference and say that we need this minimum. It would be very much harder to justify an absurd national policy if nations were made to speak the truth and tell their fears; and when I say "to make governments tell the truth" I trust that no one will quote me as saying that governments maliciously lie. I would, however, like to know for my own satisfaction just exactly what America herself thinks should be her national policy in regard to defense. If all nations expressed themselves openly and asserted their real fears, the cure could be attempted. Until this is done there will not be success in armament or naval conferences.

What are the significant facts that are of interest to the American Society of International Law which are noticeable in 1936 but which were hardly dreamed of in 1906? In 1907 I ran across a Japanese prophecy. It was a very old one. It said that when men should fly like birds, 10 kings would go to war. As men have learned to fly war has assumed a wider concern. I did not dream that I should see that prophecy fulfilled. If the prophecy had read, "When men fly, 50 nations would consult together in one place", I would not have believed that. In the last 30 years we have seen nations willing to leave to third parties the settlement of their differences. We have seen a complete reversal of fundamental theories in regard to national expansion. We have seen small nations justified especially in the minds of their own people when great nations through fallacious theories have brought misery to their own. "The white man's burden", "dollar diplomacy", and the pronouncement that "wherever an American dollar is invested there should be an American battleship to defend it", is no longer uttered by the tongues of statesmen. "Spread-eagleism" has ceased to be universal. America has reversed herself by stressing duties instead of rights in her neutrality policy. The mandate system has been tried and has worked as well in international law as the trustee system has worked in civil law. Neither can be cures for the advantage taker, the corrupt judge, or the dishonest guardian. We have given the Philippines their independence. The futility of war and the fallacy of conquest have been proved.

In 1906 we used to say "tempus fugit." Today we say "time marches on", and there is a difference in the thought behind those two expressions. More men come and go throughout the earth than ever before. The theory of the right to war has at least been tempered. Still there is much to be done. It is only through institutional growth that men go forward. It is not, though, the institutions themselves that count, but the fundamental theories on which those institutions rest. It is in these theories that I rest my hope. Let us put law where law has not been before.

As Shakespeare gives to the devil the right to quote scripture for his own purpose, I have taken liberies with the thoughts of many and used those thoughts for my own purpose tonight. In closing I choose one more. I have used it much of late, for to me it furnishes the key to the success or the failure of present-day international endeavor. In giving you this key I shall expand the ideas of the Greek Sophocles and cause Antigone to say, "It is easy to unite for evil, for war, or for hate; but it is hard to unite for love, for peace, or liberty." Knowing, then, that the problem is a difficult one, where in the last 30 years have we room for discouragement? All institutions which men use today may fail, but the ideas behind them are here to stay. Nations having learned to talk together in one place and states having shown a willingness to leave the settlement of their differences to third parties, the world now awaits a leader to breathe the soul of life into these great ideas that the dreams of the prophets may come true and the plans of the wise be not frustrated.

PROGRAM FOR NATIONAL ECONOMIC RECOVERY

Mr. BURKE. Mr. President, my attention has been called to a program which, its sponsors feel, offers hope in the struggle to find a way to national economic recovery. In brief, this plan is an effort to restore the domestic market for raw materials and labor to American producers and workers and to make intelligent use of our resources—forests, farms, and mines. Those responsible for the program have organized for effective action under the name "Raw Materials National Council." Because of the impor-

tance of the questions involved, careful consideration should be given to every sincere approach to the problem.

Without expressing any opinion as to its merits, I ask unanimous consent to have inserted in the RECORD a brief outline of the proposal.

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

"PRESERVE AMERICA FOR AMERICANS"—A SURE WAY TO NATIONAL ECONOMIC RECOVERY

Here is a program that will stand the test of constitutionality and reason—it calls for no reforms or new taxes.

There is nothing wrong with the United States which cannot be corrected by means of a sound industrial policy and a sensible land-use program.

The good earth itself is the source of all new wealth. Yet millions of Americans, laboring to produce this wealth from forests, farms, and mines, are being crucified for the benefit of special interests.

The power to correct this situation lies in the hands of the people. Protests by individuals and separate groups are unavailing. United action is necessary to break down the conflict of interests which threatens our social stability.

The Raw Materials National Council grew out of the necessity for joint action by the producers of raw materials to preserve the American market for their products.

This organization is composed of representatives of agriculture, mining, oil, chemical, lumbering, and kindred industries working together to improve the economic position of all products of the ground. Its objectives conform to the best American traditions.

THE PROBLEM AND ITS SOLUTION

America's problem is to provide employment for 10,000,000 families now on relief by making proper use of our national resources. This organization proposes to solve this problem by utilizing its full strength to bring about the following program:

1. Immediate invalidation of all reciprocal-trade treaties to which the United States is a party by—

(*a*) Repeal by Congress of the Reciprocal Trade Agreements Act and renunciation of the pacts negotiated thereunder, or

(*b*) Appeal to the Federal courts, if necessary, and

(*c*) Restoration of the treaty-making power exclusively to the United States Senate.

2. An immediate, effective, and adequate upward revision of tariffs on raw-material products of American forests, farms, and mines to the extent that there shall be tariff parity between raw materials and manufactured goods, the purpose being to equalize, insofar as possible, the exchange value of all goods, products, and services in the domestic markets of the United States.

3. Enactment of the necessary legislation to restrict imports of all raw materials and substitutes therefor and manufactured goods to quotas based on the proven actual national requirements of same, and requiring importers of raw materials, unfinished, and semifinished products and substitutes and manufactured goods to obtain a certificate of necessity and convenience from the United States Department of Commerce before engaging in such business.

Fourth. Encouragement of a sound land-use program to stimulate the production of vegetable and fibrous crops which, through applied science, can be readily utilized by industry in place of raw materials now imported or otherwise unavailable. This program, the feasibility of which has been definitely established, will provide a profitable use for 50,000,000 acres of land not needed to grow farm products for foreign markets which no longer exist.

Fifth. Enactment of legislation to require all employers of labor to give preference insofar as possible to native-born and naturalized citizens of the United States, thus properly placing a premium on American citizenship.

Enactment of this program would enable American capital to conserve investments already made in land, mines, forests, and factories by protecting them against unfair foreign competition.

At the same time American capital would be free and have an incentive to develop the latent resources of the soil, forests, and mines of this Nation and to utilize domestic raw materials in the production of industrial goods.

By making use of domestic raw materials in industry employment will be expanded, national buying power will be enhanced and more property will be added to the tax rolls, thus spreading the burden of taxation.

A DEFINITE PROGRAM OF ACTION

To put this program into effect as quickly as possible the Raw Materials National Council has adopted the following plan of procedure:

First. Lend its services and cooperation to Congress in the preparation and enactment of the legislation necessary to render these principles operative.

Second. Counsel has been engaged to institute litigation for the purpose of testing the constitutionality of the Reciprocal Trade Agreements Act of 1934 in the event that Congress shall fail to repeal that measure.

Third. Establishment of associate units of the Raw Materials National Council in every county in the United States to mold and unite public sentiment in behalf of a program of national self-development and full utilization of American raw materials.

Under our democratic form of government the farmers, miners, forest workers, and common laborers have the strength of numbers—and therefore the power of votes—to translate this program into terms of law and economic policy.

Our national welfare plainly calls for an economy of abundance, not scarcity. It is important that we "Buy American." It is essential that we "Produce American."

American exports have never exceeded 10 percent of the total volume of business transacted. Adequate development and protection of our raw materials against foreign competition will create new buying power, which will more than compensate for any possible loss of export business which might result from the change of policy which this council proposes.

Wars grow out of trade rivalries and dependence upon other nations for certain basic raw materials. The pathway to enduring peace clearly lies in the direction of national self-development.

Present economic practices—particularly that of importing cheap war materials—serve to:

(a) Reduce American workingmen to the status of coolie laborers;

(b) Impose conditions approaching peasantry upon American farmers; and

(c) Endanger the security of scores of billions of dollars now invested in agriculture, forests, mines, and processing enterprises which cater primarily to the domestic market.

The work of the Raw Materials National Council is supported by the cooperation and voluntary contributions of persons, concerns, and associations engaged in the production and processing of raw materials produced on American soil and sold in the American market. The council serves as trustee for the funds.

Policies of the council will be determined by conference of interests participating in this movement.

To the end that a fundamentally sound national economy may be established in the United States, without regard to partisan or other affiliations, the Raw Materials National Council invites the cooperation and support of every American citizen affected by the inequitable and uneconomic trade practices which now prevail.

THE POLITICAL SITUATION—ADDRESS BY HON. JAMES A. FARLEY AT CHARLESTON, W. VA.

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. James A. Farley at Middleburg Hall, Charleston, W. Va., April 22, 1936.

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

Let me begin my greeting to the Democracy of West Virginia with the statement that there is not a single cloud on the Democratic horizon.

Every straw that blows points to the reelection of President Roosevelt by a majority that will march in step with his election in 1932, and with the vote of applause and ratification that swelled our membership in the Senate and the House of Representatives in 1934.

Some of you might think the description of a cloudless sky is an exaggeration, in view of the anvil chorus being sounded by the Republican press and orators; but that is not a cloud. It is merely a dust storm, unpleasant to experience for the moment, but having no bearing on the general state of the political weather.

When I mention straws, I do not have reference primarily to the straw votes, so called, though I notice, as doubtless you have, that the prognostications based on this sample balloting that has become such a conspicuous feature of campaigns all tell the same story. They describe the steady increase of Roosevelt sentiment and point clearly to what is going to happen in November.

Straw votes may, and usually do, give a reasonable index to the direction of the public mind, but are no certain indication, any more than the weather report is an invariable guide to tomorrow's sunshine or rain, though it may be calculated on a scientific basis and comes out as prophesied most of the time. The indications I have in mind are very much more tangible than the straw votes. I mean by this that the registration figures, so far as they have been compiled, tell a story, the logic of which is absolute. Let us begin on the west coast. Every county in California shows an increase in Democratic registration of 50 percent, and a corresponding Republican decrease. Keep in mind the circumstance that prior to 1932 the Democratic Party in that State was in a state of almost total eclipse ever since 1916 when it gave victory to Woodrow Wilson for his second term. In 1932 Franklin D. Roosevelt carried the State by a majority of 400,000 votes. What is he going to do out there this year with the Democratic strength increased by one-half and the Republican strength down about the same amount?

Come on east as far as Nebraska and you will find the voting figures pointing along the same line. Next, look at Illinois, where the registration figures on the Democratic side were so vast that Mr. David Lawrence, recently mentioned by the Republican National Committee as a newspaper columnist whose comment fitted in with the G. O. P. publicity program, admitted the other day in his regular column that the Illinois figures showed that the Republicans had no chance for success this year. Like his brother columnist, Mr. Mark Sullivan, he observed that the Republicans' only chance would have been to effect a coalition with the conservatives in the Democratic Party, but conceded that it was too late to think of anything of that kind just now.

I am happy to learn that the result of the registration here in West Virginia yesterday gives the Democratic Party an enrollment

of more than 100,000 over the Republicans. You may therefore rest assured that President Roosevelt will have a majority of at least 100,000 in West Virginia next November, surpassing the great Democratic victories of 1932 and 1934.

Let me digress for a moment and talk a little bit about the hypothetical coalition, which means that the Republicans might have abandoned their position as an independent minority party and produced a hybrid ticket with one of their own as candidate for President and some dissatisfied Democrat as Vice President, or vice versa. They speak of such a ticket as a missed opportunity. Actually there was no such opportunity. No Democrat of any standing would have been willing to lend his name to such a combination. In fact, practically all of those who were mentioned when that dream was being entertained let it be known that even though they differed with the administration on certain of its policies, they were Democrats first of all and would support the Democratic ticket as usual. Moreover, it is very probable that such a ticket would have so offended dyed-in-the-wool Republicans that a multitude of them would have abstained from voting or come over to our side as a token of their disgust at their party leaders abandoning the historic Republican principles. Of course, this is merely an academic question, but it may be of interest because it appears that it will be the only alibi the losing party may be able to suggest for the pale showing it is going to make in November.

Now, let's get off the detour and back to the theme I was discussing. Let's go into the East. Pittsburgh has always been a Republican city. This year, for the first time that I can recall, western Pennsylvania shows more registered Democrats than Republicans. The figures for eastern Pennsylvania have not yet come to my attention, but I will be very much surprised if Philadelphia does not show a corresponding increase in our strength. That has been the trend for some time. They have always elected a Republican mayor in that city, the last one before the present mayor by 400,000 majority. The present mayor only got one-tenth as large a verdict. So we can make a happy guess about what will happen there.

My own State of New York sounds the same note, and I think I can assure you, with no danger of events proving me a false prophet, that President Roosevelt will be returned by the Empire State with a majority greater than that he received in 1932.

Reverting to the Middle West, we find that in the primaries in Wisconsin the vote registered for our candidate exceeded that cast for all Republican candidates for President put together by about 2 to 1.

In estimating the importance of such figures wherever it is possible I like to look at the other side. In the case of Wisconsin I was electrified by reading the comment of Mr. Mark Sullivan in the always anti-Roosevelt New York Herald Tribune. This talented writer and political statistician sought to soften the blow to his party by suggesting that in November, when there would be only one Republican candidate instead of half a dozen opposing Mr. Roosevelt, the Republican vote would be greater. I think that is a brand-new thing, either in politics or mathematics. I seem to recall that in school I was taught that the whole must always be greater than a part. Mr. Sullivan's logic would appear to reason just the contrary—that the vote for one Republican contestant would be bigger than the vote for all the Republican contestants put together.

So you see the political sky looks very rosy to us Democrats. Some of you might think that this would suggest a jubilation rather than a campaign. I sincerely hope that that idea does not become too prevalent.

It has been my experience that the greatest danger in any political struggle lies in overconfidence. Let the feeling get about that the result of an election is a foregone conclusion, and that therefore it is permissible to take things for granted and to abate any effort, not infrequently the result is terrible disappointment. We Democrats must remember that the minority party this year is financed to an extent that dwarfs anything in the history of Presidential elections. Not only has their regular organization a huge fund but its allies, like the American Liberty League, have spent and are spending as much or more than the Republican National Committee. Moreover, as you may have observed, the Du Pont dynasty and its satellite corporation heads and affiliated multimillionaire enemies of the New Deal are financing any fly-by-night organization that anybody has been able to think up. The Lobby Investigating Committee has brought out that it was this same moneyed group that financed the anti-Roosevelt movement in Georgia. That movement was engineered by Mr. John Henry Kirby. He was revealed in a previous investigation as the titular head of two or three so-called leagues, which the late Senator Caraway described as nonexistent, inasmuch as they had no members except the self-named officers who collected some millions of dollars on the pretext of lobbying against various forms of legislation. That committee was never able to find that it had spent any of its collections of consequence except in salaries and donations to some of its own people.

It is easy to laugh at the efforts of some of these political racketeers who are reaping such an abundant harvest from the Liberty Leaguers and their kin. For example, I have recently learned of one group soliciting support for an anti-administration drive on the ground that ours was a Socialist administration and that the Socialists had stolen the party from the Democrats at the 1932 convention. They did not go into details, but the idea conjured up a picture of myself, perhaps with false whiskers, gathering up Socialist delegations and of Senator Carter Glass and Secretary of State Cordell Hull cooking up a Socialist platform, and with the late Senator Thomas J. Walsh, of Montana, and Senator Alben W. Barkley, of Kentucky, presiding over a convention, the bible of which, according to this hypothesis, must have been Karl Marx's "Das Kapital." This particular incident, itself ridiculous, nevertheless indicates the extremes to which the money that is back of the Republican campaign is willing to go. They even financed a campaign in the deep South of which the wife of President Roosevelt was the target. A group that will stoop to such tactics is capable of almost any infamy.

With such an enemy, the Democratic army can never afford to rest on its arms. It has to be alert at all times and never abate its militant activities.

So, while I tell you that every portent points to a stupendous Democratic triumph next November, I must caution you to keep up your work, to hold your organization at the highest point of efficiency, to meet every attack from the other side. Fortunately, we have all the best of the argument. We have a program that, whatever flaws may have been disclosed in its administration, has nevertheless put us on a plane of prosperity that is the admiration and envy of the whole world. Our adversaries have been unable to formulate any kind of a program. About the best they can do is to suggest a shift in words, which is a tacit endorsement of what we have done, and try to convince the people that they are better fitted to carry out this program than we are.

The reason that the Democratic administration continues to have the confidence of a vast majority of our people is perfectly obvious and extremely simple.

President Roosevelt took office with the Nation in as desperate a state as it had ever been in since its foundation. The acts he sponsored have replaced misery with an approach to contentment, have supplanted fear and distress with hope and cheer. You have only to look at the columns of the newspapers—I do not mean the propaganda columns of the Republican press but the business columns, which, as they deal with the plain figures of industries and securities, are not susceptible of such distortion as are the editorial arguments and the inspired headlines on antiadministration speeches. The whole country reflects the advance in business, and your own State of West Virginia shares in this sentiment and will participate in the natural result of an enthusiastic endorsement of the President next November.

You have no need to go far afield to learn the result of the courageous policies that were fathered by the President. Your own newspapers have told the tale, and I would like to read you just a few extracts from the files of your own journals. In 1934 your excellent Republican newspaper, the Charleston Mail, published an interview with one of your department store chiefs, who said:

"It is particularly encouraging to observe that practically every element in the country's population is benefiting by the New Deal." That was in March. In May of the same year (1934) in the same newspaper the announcement was made that "industry improved after being virtually asleep for 4 years." A little earlier the Charleston Mail, editorially dealing with the state of business, remarked that "the optimism in the steel industry is common to most industries. The business pick-up seems to be gaining momentum, with the probability that the next few months will see more rapid advancement."

Let us jump a year, and we find that same newspaper, now so critical of the administration, announcing under the head of "Vast growth for city trade noted", this statement of fact: "Bank debits up forty-three million and volume doubles 1933 total. Industries are working at capacity."

The other newspapers of your State equally indicate how well we are getting along. The independent Wheeling News-Register, also last December, put it this way: "The policy of the New Deal, the program of President Roosevelt, are accomplishing exactly what they were intended to accomplish: First, a restoration of the buying power of the farmer. Second, an increase in employment in industry. Third, a sound and substantial banking condition. All of these things have been achieved and the foundation of enduring prosperity has been laid."

And the Republican Huntington Herald-Adviser, at the close of the year, printed a story reciting as indicative of affairs in this State "the large amount of substantial construction, the big increase in bank debits, a Christmas holiday retail trade that exceeded any in several years. * * * Government spending contributed much toward new construction in Huntington and vicinity."

The increased farm income of your West Virginia farmers is indicated in various ways. For example, according to the Automobile Manufacturers Association, the registration of new passenger cars on farms and in your smaller towns increased 61 percent.

In 1932 West Virginia bought about 12,000 new automobiles. In 1935 it bought 32,700.

The statisticians tell us that $11,000,000 more new life insurance was taken out in this State in 1935 than in 1932. And the railroads report that they have shipped into this and other agricultural States nearly 40 percent more freight than the year before. You had in the West Virginia banks about $45,000,000 more bank deposits at the end of the last fiscal year than in any year previous. And perhaps of more significance is the circumstance that in five important cities of this State, where less than a million dollars was spent in 1933 for building, it had risen to over three millions in 1935.

Statistics are hard to listen to, I know, but in them lies the real explanation of the national faith in President Roosevelt and the complete answer to all that our adversaries have been shrieking

about and will continue shrieking about for the next several months.

What these scolders and calamity howlers talk mostly about is Government extravagance. It would be a miracle, of course, if billions of dollars should be distributed in relief without some imperfections in the distribution. Undoubtedly you have even here some examples of people getting a bundle of food from the Government doles which they could have and should have paid for. It is quite possible that every man on emergency employment—which was deemed a better way of passing out relief than giving a direct dole—has not always done a full day's work for a meager day's pay. But what do these few dollars amount to in comparison with the general good that has kept a multitude from starvation and perhaps from violence.

Do any of you think that the $800,000 your farmers have received in rental and benefits are wasted? Do any of you believe that the $15,500,000 invested through the 43 C. C. C. camps in your State in the conservation and development of your forests and ranges and fire protection, erosion control, and flood control, has been squandered? Hasn't the physical benefit to your State been worth what it cost, without taking into consideration the salvation of 4,000 young men who except for this expenditure would have been left to the perils of vagrancy and the hopelessness of idleness?

In the total of Government expenditures our critics always list the money loaned on homes and farms, to banks and railroads, to the States themselves, as if it represented billions thrown away. An aggregate of perhaps $40,000,000 has been loaned in this way in West Virginia. It will all be paid back to the Government, for all the private loans were guaranteed by the same sort of securities on which your banks are lending money today. As a matter of fact, the Reconstruction Finance Corporation, which is the source of the greater part of this money, is a prosperous concern. Loans are being repaid to it faster than they are being advanced, so that it has today, I am informed, assets of $100,000,000 more than its liabilities.

The cry is raised that these loans have put the Government in business. Yes, the Government is in business. If it hadn't gone into business there wouldn't have been any business, and the Government is going to get out of business as soon as it possibly can. Which means that it will retire from the field as soon as business is able to pay its debts and stand up by itself.

What interests our citizens more than any other circumstance of the industrial situation is how they themselves have fared. You perhaps know that the income taxes for 1935 in West Virginia were approximately $2,000,000 more than in 1934. Nobody is likely to throw up his hat because he has paid more taxes, but when the taxes are translated into terms of income we find that the people of this State had incomes aggregating $30,000,000 or $40,000,000 more than they had last year. And if that does not represent just what your people hoped for when they voted out a do-nothing administration at Washington and voted in a do-something administration, what does it represent?

The job of completely restoring prosperity to this country of ours is by no means complete. We have still to get rid of a lot of unemployment. We have got to get people off the dole and to get things running again so that the ordinary problems of government may proceed unvexed by high taxes and that sort of thing.

Those politicians who are prophesying chaos and the men who are putting up the money for all this propaganda talk about an unbalanced Budget as if that were in itself an appalling calamity. Now just what does it mean? It means that the Government is in debt and that the people hold the amount of this debt. The Government and the people are one, as a matter of fact. The money represented by the red figures on the Treasury ledgers has not been burned up nor thrown into the sea. It has gone into the regular channels of trade and such of it as is not invested is in the bank deposits of our citizens.

In due course of time, provided that there is no interruption in our progress, the Government debt will be cut down in the ordinary, orderly processes of the Treasury. Already because of the refinancing, the burden of the interest charges on the expanded Government debt is less in actual dollars and cents than it was before the depression compelled the Government to spend a lot of money.

There is nothing to worry about, despite the clamors of the opposition. It is perfectly natural that the minority party, anxious to get back into power, should indulge in extravagant and in many cases absurd denunciation of everything the present administration does.

This outfit had its opportunity. The course that President Roosevelt has pursued was open to President Hoover. If he had shown the same courage, resource, and decision that President Roosevelt has shown, we would never have reached the state that the country was in when the new administration came to Washington.

The Republican administration failed us in our extremity. It permitted us to drift into a state of misery and despair. President Roosevelt has lifted us out of that condition and got the business of the Nation to going again. It took a brave man to tackle the problem as he tackled it. It took a wise man to realize that drastic conditions demanded drastic remedies. It took a far-seeing man to visualize the ultimate consequences of his program. Franklin D. Roosevelt had the courage, the wisdom, and the foresight requisite for the job.

It was no surprise to him when, with the return of a measure of prosperity, the greatest beneficiaries of that program turned against him and sought to bring back the era of special privilege. He has faith in the people, even as the people have faith in him. And the result of this mutual appreciation will be that at the next opportunity the country has to testify its feeling it will say to Franklin D. Roosevelt, "You have done a great job, and we want you to go on with it."

And I am just as sure as I am that I am standing here, and delighted to be here, that the voice of West Virginia will be enthusiastic in that popular chorus.

THE CIVILIAN CONSERVATION CORPS

Mr. COOLIDGE. Mr. President, I ask leave to have printed in the RECORD a message from the President of the United States to the members of the Civilian Conservation Corps, which was read over the radio on the 17th instant by Robert Fechner, Director of Emergency Conservation Work, together with a radio address delivered by Mr. Fechner at the same time.

There being no objection, the message from the President and the address by Mr. Fechner were ordered to be printed in the RECORD, as follows:

MESSAGE OF THE PRESIDENT

To the million and a half young men and war veterans who have been or are today enrolled in the Civilian Conservation Corps camps, I extend greetings on this third anniversary of the establishment of the first C. C. C. camp. Idle through no fault of your own, you were enrolled from city and rural homes and offered an opportunity to engage in healthful, outdoor work on forest, park, and soil-conservation projects of definite practical value to all the people of the Nation. The promptness with which you seized the opportunity to engage in honest work, the willingness with which you have performed your daily tasks, and the fine spirit you have shown in winning the respect of the communities in which your camps have been located merits the admiration of the entire country. You and the men who have guided and supervised your efforts have cause to be proud of the record the C. C. C. has made in the development of sturdy manhood and in the initiation and prosecution of a conservation program of unprecedented proportions.

I recall that on July 17, 1933, at a time when the corps was just getting into stride, I predicted that through the C. C. C. we would graduate a fine group of strong young men, trained to self-discipline and willing and proud to work. I did not misjudge the loyalty, the spirit, the industry, or the temper of American youth. Although many of you entered the camps undernourished and discouraged through inability to obtain employment as you came of working age, the hard work, regular hours, the plain, wholesome food, and the outdoor life of the C. C. C. camps brought a quick response in improved morale. As muscles hardened and you became accustomed to outdoor work you grasped the opportunity to learn by practical training on the job and through camp educational facilities. Many of you rose to responsible positions in the camps. Since the corps began some 1,150,000 of you have been graduated, improved in health, self-disciplined, alert, and eager for the opportunity to make good in any kind of honest employment.

Our records show that the results achieved in the protection and improvement of our timbered domain, in the arrest of soil wastage, in the development of needed recreational areas, in wildlife conservation, and in flood control have been as impressive as the results achieved in the rehabilitation of youth. Through your spirit and industry it has been demonstrated that young men can be put to work in our forests, parks, and fields on projects which benefit both the Nation's youth and conservation generally.

FRANKLIN D. ROOSEVELT.

RADIO ADDRESS BY ROBERT FECHNER

On a number of occasions during the last 3 years I have had the pleasure of talking to C. C. C. enrollees and the radio public generally about the Civilian Conservation Corps and the work it is doing to solve the problem of finding employment for enforcedly idle youth and to preserve and develop our natural resources. The first time that I spoke over the radio about this program I told you that we planned to take a vast army of idle young men from the streets of our cities and from depression-hit homes and put them to work in our forests and parks on work projects of a type which would gradually increase the usefulness and value of the Nation's half billion acres of timbered lands. Today, on this third anniversary of the establishment of the first C. C. C. camp, I propose to outline briefly the history of the camps and at the same time give you some of the high lights of our accomplishments. Above all, I want to express my heartfelt appreciation to all of the 1,500,000 young men and war veterans who have been enrolled in camps for their fine cooperation and praiseworthy conduct.

I feel that a major share of the credit for the success of the C. C. C. camps must be attributed to the fact that the boys have adapted themselves so quickly to outdoor work and have maintained such friendly and cordial relations with the communities with which they have come in contact. The fact that we have had

literally thousands of applications for new camps speaks volumes for the conduct of the enrollees and the character of the work they have done.

The cooperation given by communities in the vicinity of the camps has been a material factor in their success. In the beginning many localities protested having a camp placed near them, but this attitude quickly changed and now the protests come when it becomes necessary to close a camp. Many comforts and conveniences for the enrollees have been provided, together with opportunities for social activities. They have in reality been "good neighbors."

The records of the C. C. C. show that every State and virtually every county in the United States has participated in this program during the 3 years it has been undergoing a thorough testing in the laboratory of experience. During this period an average of about 375,000 young men and war veterans, together with about 10,000 Indians, have worked in forests, in parks, on agricultural land, and on flood-control projects. We started out with 300,000 men and at our peak strength we had 519,000 enrolled men at work. Today our authorized strength is 350,000 men and we propose to maintain this strength during the balance of the year. At first the men occupied tents but these have now been replaced with wooden barracks. In recent months we have experimented with portable housing for the C. C. C. and have found it very satisfactory.

The first Civilian Conservation Corps camps were established in national forests and national parks. Later we set up camps in State and private forests, in State park lands, on farms where erosion was beginning to wash away the valuable topsoil, in wildlife refuges, on a few flood-control projects, and on the public domain in the West, where work has been carried on to increase the value of the land for grazing purposes. From the beginning a big majority of the camps have been located on National, State, and private forest lands. In the first year we established 1,462 camps. Later this number was increased to a peak of 2,652 in the fall of 1935. At the present time we have 2,158.

The work accomplished by the C. C. C. organization runs up to enormous totals. I could easily spend the full time allotted me just reading off the detailed work accomplishments as they have been compiled in statistical form for us by the Bureau of the Census. It will suffice, I believe, however, if I call your attention to a few of the outstanding things we have done.

In the first place, the presence of C. C. C. men in the woods and the completion of such physical improvements as thousands of fire towers, thousands of miles of new telephone lines, and thousands of miles of truck trails have resulted in substantially lowering the national-forest fire bill each year that the men of the C. C. C. have been in the field.

Due to the stimulus of the C. C. C. program the States have added hundreds of thousands of acres to their State park recreational areas. Many of these new park lands have been or are now being developed by C. C. C. men. The addition of these new recreational areas and the development of thousands of acres of park and forest lands for recreational use has opened up new opportunities for millions to get out into the open and enjoy themselves during leisure hours.

The C. C. C. supplied manpower needed by the Soil Conservation Service to advance its soil-conservation program. To date more than 2,000,000 acres of agricultural lands have been treated and close to 2,000,000 soil-erosion check dams built.

But as great as the conservation benefits have been, I consider the aid we have given to unemployed youth the most important accomplishment of the C. C. C. program. In the C. C. C. we have not been content to take over the young men sent to us from public relief rolls and simply give them a job. We have furnished each man with wholesome food, comfortable clothing, adequate shelter, medical attention, first-class leadership, a chance to improve his education, and an opportunity to learn by doing. We have improved the health of enrollees, built up their self-respect, and made them better citizens. Each enrollee is paid a cash allowance sufficiently large to enable him to purchase necessities and send $25 a month home to his family. The morale-building value of enabling a youngster to become the breadwinner of his family cannot be overestimated.

The health and safety of the individual enrollee has been stressed by all officials connected with the C. C. C. organization. Our program includes the preparation of a carefully balanced food diet, the vaccination and inoculation of enrollees against contagious diseases, and the placing of constant emphasis on personal hygiene, health, and safety.

Two years ago we initiated an organized safety program to reduce accidents among C. C. C. personnel. This program has been well accepted in the field by both the supervisory staff and enrollees. Through their cooperation we have shown a steady decrease in accidental deaths and lost-time accidents.

The educational work in the camps has been of increasing value and importance. The elimination of illiteracy has been the first objective, and 25,000 men have been taught how to read and write. Enrollees in the camps have found opportunities for practical training along such lines as surveying, bridge and road building, forestry, terracing, landscaping, and auto mechanics. School authorities in many cities and smaller communities have generously offered their facilities to enrollees. This has enabled many of our boys to finish their educational work successfully and to receive formal credit for it. Citizenship and character training are a part of the program in every camp.

The C. C. C. has been able to accomplish much in training and developing capable citizens who understand their duties and responsibilities, who know how to work, who understand the importance of good deportment and the qualifications that are so essential to success in life.

The moral and religious needs have not been neglected. Approximately 300 Army Reserve chaplains devote their full time to C. C. C. religious work. They are assisted by a large number of clergymen of all denominations who have willingly volunteered their services in this work. Religious services are held in the camps and transportation is provided to take the men to nearby churches. Reports regularly submitted show a very satisfactory attendance at these services. In fact, many clergymen express the opinion that many enrollees are now attending services more regularly than before they came to the camp.

Our records show that each year since the C. C. C. camps were initiated close to 500,000 young men have had the benefits of C. C. C. work and training. We have not been able to give jobs to every unemployed youth, but during the last year we have taken care of virtually all young men between 17 and 28 who wanted to enter the camps and whose families were on relief rolls. I am confident from letters I have received and from my own personal observation that the C. C. C. camps have cut down juvenile delinquency, have taught new health and work habits to hundreds of thousands of young men, and have turned out large numbers of youths equipped through training on the job and in other phases of our educational system to make a place for themselves in modern society.

I would like to call the attention of employers to the type of men we are developing in the C. C. C. Our boys are really getting a training that will be distinctly valuable to them and to their future employers when they leave the camps to enter business or industrial life. An honorable discharge certificate from the C. C. C. is a valuable recommendation for any boy. We extend a hearty invitation to employers to visit the camps when they are in need of good men and get acquainted with those in charge for the purpose of offering employment to suitable men.

In conclusion I want to offer my personal tribute to the men themselves—those now in camp as well as those who have completed their enrollment. Their fine conduct and splendid service has made the C. C. C. one of the most popular activities of the Federal Government. It makes it practically certain the camps will become a permanent institution.

You men in the camps have established a tradition of which you may be justly proud. I am confident your pride in the part you have been permitted to play in this organization will be reflected through the years to come. I am proud to have been associated with you.

ALLEGED SEIZURE OF TELEGRAMS

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD resolutions adopted by the American Newspaper Publishers' Association in their convention at the Waldorf-Astoria Hotel, regarding the activities of the Black Lobby Investigating Committee.

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

Following is the text of the resolution on freedom of the press, on the Black Lobby Investigating Committee and the Federal Communications Commission for the seizure of private papers of publishers and other citizens, as adopted April 23, 1936, by the American Newspaper Publishers Association in convention at the Waldorf-Astoria:

"Whereas a committee of the United States Senate, under the specious pretext of investigating lobbying, has undertaken a campaign of persecution and harassment against individuals, organizations, and newspapers which have in any manner criticized or opposed Members of Congress or measures before Congress; and

"Whereas the members of the committee and their agents have violated the first amendment to the Constitution by indiscriminate seizures of the telegraph correspondence and press messages of newspapers, which is an infringement of the freedom of the press, and have further violated that amendment by a campaign of intimidation and harassment designed to prevent citizens exercising their right of petition for the redress of grievances; and

"Whereas the members of the committee and their agents have repeatedly violated the fourth amendment to the Constitution by unreasonable searches and seizures and by the use of subpenas of the nature of illegal general warrants; and

"Whereas the committee and the agents have violated the fifth amendment to the Constitution by taking the property of citizens without due process of law; and

"Whereas the committee has been aided and abetted by the Federal Communications Commission in all these violations, through the seizure by the Commission, in violation of the law establishing it and of the opinion of its own counsel in previous cases, of telegraphic messages, which were made available to the Senate committee: Therefore be it

"*Resolved*, That the association commends those persons who by their appeals to the courts to enforce their rights under the Constitution have helped to curb the illegal conduct of the committees and the Commission, and it further recommends that they and all other victims of the illegal acts of the Senate Investigating Committee and the Federal Communications Commis-

sion seek civil damages from the agents of the committee and the members and employees of the Commission for the trespasses against them, and demand the prosecution of all involved in the odious affair under the criminal statutes of the United States."

ACTIVITIES OF LOBBY INVESTIGATING COMMITTEE—EDITORIAL FROM NEW YORK POST

Mr. BLACK. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the New York Post entitled "Freedom of the Press."

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

[From the New York Post]

FREEDOM OF THE PRESS

Col. Robert R. McCormick doesn't bear much resemblance to the Statue of Liberty, and his report on freedom of the press to the American Newspaper Publishers Association is about on a level with an American Liberty League release. But it's not a bad idea to have publishers talking about freedom of the press—even if it is for the wrong reasons. They may talk themselves into exercising it.

The horrendous struggle of the American press to preserve its freedom under the Roosevelt era falls somewhat short of tragedy. It began with the N. R. A. code for newspapers. Some publishers who hadn't the courage to tell the truth about the local dog catcher suddenly began to protest that their freedom of expression would be hopelessly hamstrung if they had to pay a minimum of $15 a week to a reporter.

It became a habit. Like many other wealthy men, most publishers didn't and don't like Mr. Roosevelt because he has been trying to give the underdog a break. They began looking under the bed twice daily. Their editorials told how the United States under Roosevelt was just like Russia under Stalin, Germany under Hitler, Italy under Mussolini, and Rome under Nero. They forgot to mention one little difference. They could say so in public.

Howard Davis, of the Herald Tribune, spoke at the A. N. P. A. meeting. He can at least boast—though we never heard him do it—that his paper, unlike Bertie McCormick's, does say a vigorous word from time to time on behalf of freedom of the press for those with whom it disagrees. It did so when District Attorney Dodge tried to clamp down on the Communist Daily Worker.

Davis quoted a remark of Pulitzer's about the importance of a free press. To us the most significant part of that statement was "A cynical, mercenary, demagogic press will produce in time a people as base as itself." The A. N. P. A.'s latest to-do is about the supposed "freedom of the press" of the most "cynical, mercenary, demagogic" chain of papers in the country—the Hearst press.

The A. N. P. A. is terribly worried about dictatorship. So are we. The seeds of trouble in this country are being sown by a network of Fascist and semi-Fascist propaganda agencies parading as voices of the people when they are really barnacles on the purse of Wall Street. The Black committee is showing up these organizations, their real backers, their real motives, their ugly methods, their fake telegrams.

Senator BLACK and his colleagues are cramping the style of these budding Fascist groups, which are the real menace to American liberties. Does the A. N. P. A. have one word of condemnation for their methods? Does it raise its voice on behalf of the freedom of minority groups? No. It seeks to make America's most irresponsible publisher a martyr to freedom of the press.

Mr. Davis had a word to say about those who "believe in free speech only for themselves or for those who agree with them." That applies to both Colonel McCormick and Hearst.

Arthur Hays Sulzberger, of the New York Times, went to the heart of the problem when he stressed the fact that freedom of the press is not merely the right of a publisher to print or misprint whatever he chooses but also the right of the people to have "accurate news, fairly presented."

Our friends at the A. N. P. A. quoted Alcæus, Aristotle, Seldon, Milton, Hobbes, Locke, and other dead worthies. They cited Wilkes and other dead heroes of the free press. What are they going to do about live issues and live heroes? What about the Tampa murder, Angelo Herndon, Tom Mooney, and the struggles of the Arkansas sharecroppers?

So long as readers continue to see large sections of our press bending the knee to any wealthy interest, suppressing this, and distorting that, hounding reformers, slandering labor, keeping silent in the face of suffering and deception, the public isn't going to take these crocodile tears about "freedom of the press" very seriously.

It is characteristic that the A. N. P. A. held its great forum on freedom of the press behind closed doors and gave out canned releases to the press.

REGULATION OF COMMODITY EXCHANGES

Mr. POPE. Mr. President, I desire to discuss for a time House bill 6772, known as the commodities exchange bill. This bill to amend the Grain Futures Act has been before the Senate for some time, having passed the House of Representatives last year. A similar bill passed the House in 1934. The bill has the hearty and widespread support of the people of the West, and particularly in my section of the intermountain country. The measure also has the support of the Secretary of Agriculture and the administrators of the Grain Futures Act. Most of the provisions of this measure have had the support of former Secretaries of Agriculture.

The inadequacy of the original Grain Futures Act has been realized by the administration and by the public generally for some years. More than 12 years' experience in the administration of the law has disclosed the defects and shortcomings of the original act. Under it and its interpretation by the courts certain vicious practices are permitted which it is the purpose of this bill to correct.

THE SCOPE OF THE ACT ENLARGED

In the first place, it is thought advisable to enlarge the scope of the act to reach trading in additional commodities. The present law, which was passed in 1922, limits its application to trading in wheat, corn, oats, barley, rye, flax, and sorghum futures. The term "grain" is there defined to include only these commodities. It is proposed in the present bill to change the word "grain" to "commodities" and define it as including in addition to the products included in the original act mill feeds, rice, butter, and eggs. As the bill came to the Senate from the House it also included cotton, but the Committee on Agriculture amended it by striking out the word "cotton" and by adding an amendment modifying the Cotton Futures Act.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Texas?

Mr. POPE. I yield.

Mr. CONNALLY. Let me say to the Senator that, while the Committee on Agriculture and Forestry took cotton out of the bill, a very large number of Senators want cotton included in the bill. We are anxious to have the bill brought up for consideration. We want it considered. We are opposed to the Senate committee amendment which undertakes to strike cotton out of the bill. We think it ought to be in the bill.

Speaking for myself alone, I merely desire to express the view that while we favor the passage of the commodities exchange bill as it came from the House, we are opposed to the action of the Committee on Agriculture and Forestry in striking cotton from the measure. We propose to fight to retain cotton in the bill.

Mr. POPE. While that is the action of the committee, there are many members of the committee who are in favor of retaining cotton in the list of commodities to be covered by the bill.

The reason for broadening the scope of the act by including the additional commodities is that the same practices exist in trading in futures of such additional commodities as in those contained in the present law. It is possible that still other commodities might be properly added, but a substantial demand has arisen to include in this bill the additional commodities referred to.

At this point I desire to refer particularly to the demand to include butter and eggs, as it was made in the recent hearings. In the testimony of Mr. Donald Kane, attorney for the National Milk Producers Federation, composed of 55 cooperative dairy marketing associations throughout the United States, he introduced a letter written by the general manager of the Dairy and Poultry Cooperatives, Inc., Chicago, Ill. The letter reads in part as follows:

We are quite anxious dairy and poultry products be included in the exchange bill. * * * While the produce exchanges have not been apparently subjected to as much "skullduggery" effecting the interests of the producers as has been the case with grain, cotton, and some other projects, it is now a noticeable fact the big grain firms on the Chicago Board of Trade are taking membership in the Chicago Mercantile Exchange. It is our opinion if certain practices are denied them in connection with the grain, cotton, and other commodity exchanges, they will transfer their operations largely to the mercantile exchange and put into effect these same practices that have proven so detrimental to the producers in the other exchanges.

SPECULATION LIMITED

In the present law a member of a contract market—which is a term used for a designated commodity exchange on which trading in futures is permitted—is prohibited from manipulating or attempting to manipulate the market and is prohibited from making false reports. The penalty for such violations of the act is the taking away of privileges of a member in the market. Section 6 (b) of the present law provides that such penalty can be imposed only when the trader "is violating the provisions of the act." In other words, the present tense is used. Violations must be going on at the time the complaint is filed.

In the well-known case against Arthur W. Cutten this defect in the law became glaringly apparent. In the complaint filed against Cutten in 1934 it was alleged that in 1930 and 1931 he had violated the regulations made pursuant to the Grain Futures Act. He had failed to report to the administration his net position in futures owned and controlled by him in excess of 500,000 bushels of wheat, corn, or oats, and in excess of 200,000 bushels of rye, or barley, as the regulations provided. It was further alleged that in order to evade these regulations he split his trade into 35 accounts and carried some of these accounts in the names of relatives and associates. It was alleged that on 130 days in 1930 and 110 days in 1931 he had trades in a single wheat future equal to or in excess of 500,000 bushels.

It was further alleged that his purpose in concealing his position in the market was to manipulate the price of grain and thereby make large profits.

The Commission found that he had violated these rules and regulations under the Grain Futures Act and that an order should be entered to refuse him trading privileges for a period of 2 years.

An appeal was taken to the United States Circuit Court of Appeals, and the case was decided by that court in 1935. A writ of certiorari is now pending in the United States Supreme Court.

The court held that Cutten—

> Repeatedly, knowingly, and intentionally, during the deep depression years of 1930 and 1931, when agriculture was waging its losing battle for existence on account of low and ever lower prices, violated and flouted that provision of the rules and regulations promulgated pursuant to the authority of the statute which required him, as a dealer, to report the fact that he was short more than 500,000 bushels in any one future.

The court held, however, that since the law, as expressed in section 6 (b), is in the present tense, and the wrongdoings complained of were shown to have been committed some 2 years prior to the institution of the proceedings, there was no right to cancel the member's privileges in the market.

In the course of the opinion the court said:

> It is admittedly rather difficult to understand why Congress would, when dealing with the punishment of a board, include past as well as present violations, whereas in section 6 (b) when dealing with the punishment of an individual trader, it provides for punishment only when such person "is violating" or "is attempting to manipulate the market."

For many years the name of Arthur W. Cutten was in the headlines of grain-market news. When business was lagging in the outlying offices of Chicago commission firms, a whisper that Cutten was buying wheat would cause orders to start rolling in from all over the country. Mention was seldom made that Cutten was selling. He was referred to as a "friend of the farmer", always on the buying side, always helping to boost prices. So anxious was he to establish his reputation along these lines that in 1932 he engaged a talented writer, Boyden Sparkes, and published a series of articles in the Saturday Evening Post proclaiming his virtues as a farm benefactor and severely criticizing the Grain Futures Administration because of its interference with his business.

The real nature of his operations was finally disclosed when the Grain Futures Administration, in conducting a general survey of the market in 1932, discovered on the books of commercial houses a number of accounts belonging to Cutten but carried in the names of relatives and friends. A more complete investigation followed and resulted in charges against him for violation in 1930 and 1931 of the Grain Futures Act.

During this period the Federal Farm Board was spending millions of dollars in trying to sustain a fair price for wheat. Readers of his articles in the Saturday Evening Post might have expected Mr. Cutten to assist in this effort of the Farm Board, but during that period he was a consistent short seller. His short sales amounted to more than 73,000,000 bushels. At one time he was short 7,525,000 bushels. In 1930 he was short 79 percent of the time and in 1931, 89 percent of the time.

On February 23, 1930, Secretary Hyde sent him a telegram, as follows:

> It is reported to me that you have been operating on the bear side of the grain market and that these operations have contributed to the collapse of the market. I have no right or authority to suggest any course to any businessman in his own business, but just in the public interest, if you could abandon such a course it would help many thousands of people in a time of distress. If the report is not true, then disregard my anxiety in the matter.

To this telegram Mr. Cutten, on February 25, 1930, replied as follows:

> Your wire received, and your information misleading. I have not been very active in the markets. My activity for the last 2 weeks consisted of selling about 400 privileges each way. I don't think I have sold a bushel of wheat during that time except to protect the trades put.

Now, let us see what the position of Mr. Cutten was at the very time he sent that telegram.

The record shows that on the very day Mr. Cutten sent the above telegram to Secretary Hyde he was short in Chicago wheat futures to the extent of nearly 4,000,000 bushels.

As the law now is, a speculator may go into the market, violate the rules of the exchange and of the Government commission, manipulate the trading, make false reports, corner the market on some commodity, and make millions of dollars in profits; and if he gets all that done before a complaint is filed against him he may escape without any penalty. In the event he is caught he may only be denied the privileges of the market for a period of 2 years. He may very well spend that time cruising in placid waters, enjoy his profits, and be ready for another foray at the end of 2 years.

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

Mr. POPE. I yield.

Mr. ROBINSON. That situation is due, as I understand, to the interpretation placed by the court on the existing law; namely, that it is not applicable to past acts, to offenses which have been completed, but only to those which are in progress.

Mr. POPE. The Senator is entirely correct. If the offenses complained of are not taking place at the time the complaint is filed there is no power on the part of the Commission or anybody else to penalize the offender.

The present bill amends the law by making it applicable to past offenses, and enlarges the penalty to a maximum fine of $10,000 and 1 year's imprisonment, besides losing trading privileges in the market. It is thought that the prospect of a year in Federal prison instead of 2 years of balmy ocean breezes for such market manipulations might be considerably less attractive.

On July 19 and 20, 1933, there was a sensational price collapse, in which Chicago wheat futures declined about 25 cents and corn futures 18 cents. The Chicago Exchange was closed. An investigation by the Grain Futures Administration disclosed the fact that this—

> Resulted principally from the activities of not more than 10 traders who control 15 large speculative accounts and gradually accumulated inordinately large holdings of both wheat and corn futures during the week preceding the collapse; that a large portion of these tremendous holdings was suddenly dumped upon the market.

It was found that there were 30 speculative accounts in Chicago wheat futures and 21 in corn futures, each of which amounted to 1,000,000 bushels or more at some time during the period from June 14 to June 31, 1933.

The report of the investigation concludes with this statement:

This economic catastrophe again demonstrates conclusively that a concentration in large accounts of too great a portion of the total open commitments in grain futures is virtually certain to result in erratic price movements, irrespective of whether such inordinately large accounts be on the long side or the short side of the market.

In other words, the power to engage in unlimited trade on the exchanges permits a few speculators to create widespread disaster throughout the country. In this bill the power is given to the Commodity Exchange Commission, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General, to fix limits on the amount of trading under contracts for future delivery. This is contained in section 5 of the bill.

Mr. NORRIS. Mr. President, will not the Senator go on and enlighten the Senate as to what happened when the authorities undertook to arrest and try the guilty parties under the then existing law? I understand that situation is one of the things which the new bill undertakes to remedy.

Mr. POPE. I will say to the Senator that just a few moments ago, in a colloquy with the Senator from Arkansas [Mr. ROBINSON], that was brought out, and is in the RECORD.

Mr. NORRIS. Very well.

Mr. POPE. Instances of the effect of excessive trading in futures have been observed during the administration of the original act. For instance, in 1931 Thomas M. Howell effected a corner in 1931 July corn. With some associates he accumulated a long interest in corn futures of over 8,000,000 bushels. This amounted to 57 percent of the total July corn contracts. In addition to the purchases of futures, Howell purchased actual corn totaling 322,330 bushels, thus making it more difficult for others to deliver actual corn against his holdings of July futures. He "squeezed" those who had sold the market short, which resulted in a price advance in corn during the last 3 days of July from 58 cents to 72 cents per bushel. This was followed, of course, by a serious price decline. A complaint was filed against him, and his case is now pending in the circuit court of appeals on much the same question of law as was involved in the Cutten case. He claims to have got out of the game just before the complaint was filed.

The amendments contained in this bill would give to the Exchange Commission power to limit such trading, and, in a large measure, prevent such conduct. There is also a provision in the bill giving the Secretary of Agriculture power to extend the time limits within which grain may be delivered on future contracts. The maximum time limit provided in the bill is 10 days. This is found in section 7 of the bill. The obvious purpose of that is to give an opportunity for delivery when there is actually in the warehouses not enough grain to fill the future contracts, where call has been made.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. POPE. I yield.

Mr. SMITH. The limitation as to notice also provides a length of time in which the purchaser may find buyers for his purchases?

Mr. POPE. Yes.

Mr. SMITH. That is very essential, because under the present rule the purchaser has only a day or two, and if he is unable to take the grain within that time, he is penalized, and it is then retendered. This provision is designed to give the purchaser time enough to resell his purchases?

Mr. POPE. Yes; the Senator is quite correct. That provision also is in the present bill.

HEDGING EXEMPTED

Bona-fide hedging transactions are exempted from the limitations as to the amount of such trading, and bona fide hedging transactions are defined to mean "sales of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such sales are offset in quantity by the ownership or purchase of the same cash commodity, or conversely, purchases of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such purchases are offset by sales of the same cash commodity."

The important thing in that connection is that on one side or the other of these transactions exists a cash commodity, and as the cash commodity is necessarily limited in amount, the future trading would be limited to the amount of the cash commodity.

Mr. SMITH. Mr. President, I was not present in the committee when the bill was being considered, and I should like to ask the Senator whether he means to say that no limit on the amount of hedges placed against the ownership of the actual physical property is proposed?

Mr. POPE. Yes; that is exactly the effect of the bill.

Mr. SMITH. At the proper time, when the bill is being considered, I think a limitation should be provided. I do not desire to take the Senator's time now, but it is inevitable both in the textile and grain markets that individual firms may own such a vast amount of grain, actual physical grain, or cotton as to have practical control of the market. Therefore I think the bill should be amended so that there may be a greater number of actual bona fide hedges against the ownership of the actual commodity, but that also should be limited.

Mr. POPE. Mr. President, the definition in the bill does not materially change the present law, but it makes it more specific.

Mr. MURPHY. Mr. President——

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

Mr. POPE. I yield.

Mr. MURPHY. I think it desirable at this point in the Senator's discussion to emphasize that the bill does not seek to interfere with legitimate business transactions. The desire is to permit large processors to buy the actual grain they may need in their business and to sell hedges against that grain. The bill seeks further to limit them to their actual needs in respect to their operations.

Mr. POPE. In this amendment ownership of a commodity is declared to include byproducts and commodities to be raised within 12 months on land owned or leased by the hedger. That is a rather interesting interpretation of ownership.

There is a difference of opinion as to the value of hedging in the marketing of commodities. It is safe to say, however, that most of those who engage in these transactions strongly support the practice as a means of protection for those who purchase or sell large quantities of such commodities for future delivery. It is widely claimed that this practice stabilizes the market price of such commodities and affords needed protection.

The Grain Futures Administration is of the opinion that hedging properly defined and limited is a legitimate protection against the risks from fluctuation in commodity prices. It does not involve speculation to any undesired extent, and the public is not injured. It is pointed out that when the exchanges were closed during the war, fluctuations in price were great and there was no protection against the risks taken. It is further pointed out that prices paid to the actual producers of commodities are necessarily lower because dealers in these commodities are required to protect themselves by paying lower prices to the producers. It is claimed such hedgers have no interest in manipulating the market or influencing commodity prices. This is the reason why hedging is excepted from the limitations that may be placed upon purely speculative trading.

REGISTRATION OF BROKERS REQUIRED

This bill further provides for the registration of commission merchants and floor brokers, and power is given to the Secretary of Agriculture to revoke or suspend any such merchant or broker from activity in the market. Certain requirements are exacted of them in the way of reports to the Secretary of Agriculture and the keeping of books and records pertaining to their transactions. The present law does not contain these provisions. They are desirable.

PROTECTS MARGIN DEPOSITS

In the administration of the original act, it has developed that margins paid by buyers and sellers to commission merchants have been intermingled with the funds of these merchants, and have been used by them in the conduct of their own business. They have not been held intact for the benefit of the traders. It further appears that certain favored dealers have not been required actually to put up the money for margins, and have been extended credit in that respect. This gives these favored dealers an advantage. In some instances, large commission firms have become bankrupt and the funds placed with them by a large number of dealers were lost.

In October 1935 the E. F. Carlston Co., commission merchants, of Minneapolis, discontinued business. This company withdrew from the Minneapolis Chamber of Commerce, thus placing itself outside of the reach of the Grain Futures Administration. It refused to permit an examination of its books. Farmers and country elevator companies had deposited margins in a large amount. This company had used the funds, commingled them with its own money, and, when the company failed, there was a loss of most of the money so deposited. It was testified the other day at the hearings that an offer of some 30 cents on the dollar was made recently by this company to the depositors. The same situation existed in the failure of the Rosenbaum Grain Co., of Chicago, which held margins of approximately $750,000.

This practice is prohibited by the pending bill.

In section 44, subdivision 2, this measure provides that any commission merchant, in soliciting or accepting orders for the purchase or sale of any commodity for future delivery, "shall, whether a member or nonmember of the contract market, treat and deal with all money, securities, and property received by such person to margin, guarantee, or secure the trades or contracts of any customer of such person, or accruing to such customer, as a result of such trades or contracts, as belonging to such customer."

This section further provides that "such money, securities, and property shall not be used to margin or guarantee the trades or contracts or to secure or extend the credit of any customer or person other than the one for whom the same are held."

The section goes on to provide, however, that any such customers' deposits may be commingled with the deposits of other such customers and may be withdrawn by the commission merchant and applied to the payment of commissions, brokerage, interest, taxes, storage, and other charges lawfully accruing in connection with such contracts and trades, but the bill does not prohibit such customers' deposits from being intermingled with the funds of the commission merchant as the bill now stands and as it came from the House of Representatives.

The Secretary of Agriculture, in his letter to the chairman of the Committee on Agriculture and Forestry, suggested that this language be changed so as to permit the commingling of customers' deposits with each other, but prohibiting any commingling of such deposits with the money of the commission merchant.

This amendment to the present bill would seem to be desirable, and it will be offered at the proper time. I have consulted with a number of the members of the Committee on Agriculture and Forestry and they have approved the amendment. It seems to me desirable that the funds of the commission merchant be kept entirely separate from the deposits of the customers.

PROHIBITED FRAUDULENT PRACTICES

Under the administration of the original Grain Futures Act certain transactions have been found that lend themselves to cheating or fraudulent practices.

In section 4 (b) of the bill it is made unlawful, generally, to cheat, make false reports, deceive by any means, or handle bucket orders on the futures market, and in section 4 (c) specified practices are prohibited. These practices are called wash sales, cross trades, accommodation trades, privileges, indemnities, bids, offers, puts, calls, advance guaranties, and decline guaranties.

Wash sales are pretended sales made openly in the pit or trading place for the purpose of deceiving other traders. They are employed to give a false appearance of trading and to cause prices to be registered which are not true prices. They may be entered and recorded as real trades, but by agreement between the parties privately are either canceled or washed out by other trades.

For example, Floor Broker A, wishing to buy May wheat when the market is 95 cents per bushel, will offer May wheat at 94⅞ or 94¾, being sure that his confederate, B, gets the sale. Such sales may induce bona-fide offers at the lower prices, whereupon A turns buyer. In the meantime his fictitious sales are forgotten or washed out by offsetting trades.

Cross trades are fictitious trades recorded and cleared through the exchange clearing house as real trades. They are a device commonly employed by floor brokers for becoming buyers in respect to selling orders of customers, and vice versa. They take the form of a recorded double purchase and sale between two brokers. Each broker is recorded as having bought from and sold to the other the same quantity of the same future at the same price.

For example, Broker A is put down as seller to Broker B for 5,000 bushels of May wheat at a dollar a bushel and is also put down as buyer from B of 5,000 bushels at a dollar a bushel. The transaction appears to be without purpose and without effect; but A, having made an actual sale of 5,000 bushels of May wheat for a customer, at, say, $1.01, reports to his commission firm that the customer's order has been executed at a dollar. Thereupon he switches the sold side of his own dollar cross trade for the actual $1.01 sale for the customer, and takes a profit for himself of the 1-cent difference which should have been added to the sale price for the customer. In this example, of course, it is assumed that there is a 1-cent fluctuation in price while the customer's order is in the hands of the floor broker, and before he reports execution. That sort of thing is prohibited by this bill.

An accommodation trade is a transaction between two commission houses whereby, one being long with the clearing house and the other being short, the one that is long sells to the one that is short enough of a given future to give each house an even or nearly even position, thus reducing the amount of the margin to be put up with the clearing house. At some later date another transaction is made, unwinding and undoing the first transaction. In the meantime, each house has had free use of the margin money put up by its customers without having to redeposit it with the clearing house. Clearing houses require margins only on net positions, so that where a commission firm has customers both long and short in equal or nearly equal positions, the firm as such has little or no net position with the clearing house. Such a practice would also be prohibited.

Privileges, indemnities, bids, offers, puts, and calls are option contracts wherein, for a relatively small money consideration, the buyer of a privilege or indemnity obtains the right during the next day or during the next week to buy or sell, as the case may be, a stated amount of a given commodity for future delivery at a then stipulated price. A privileged contract giving the buyer the right to sell is called a bid or a put, and the right given to buy is called an offer or a call.

For example, for $6.25 one may, after the market closes one day, buy a bid good the next day entitling him to sell 5,000 bushels of May wheat at, say, 95 cents. The market may have closed at 96 cents. After it opens up the next day at, say, 94 cents, or sells at 94 cents at any time during that day, the buyer of the bid will buy 5,000 bushels of May wheat at 94 cents and exercise his bid option to sell at 95 cents, thus making a profit of $50—less commission—on a $6.25 investment. An offer or call is exactly the reverse of this process.

In advance or decline guaranties, the seller of the contract guarantees to make good the difference between the stipu-

lated price and the price at which some named future sells at any time the buyer may select during the specified period.

It can readily be seen that all these practices are pure gambling, just as the running of a bucket shop, and they are prohibited by this bill. In examining the reports of the Grain Futures Commission during the past several years, I have been surprised to find the large extent to which certain speculators on the exchanges have been engaged in these practices. At times it has run as high as 90 percent of all the business done by a speculator during a given period. All fictitious transactions are prohibited by this bill.

PROTECTION FOR COOPERATIVES

This measure would afford protection to cooperative associations of producers, as provided in section 9 on page 22 of the bill. The present law requires the admission to contract markets of cooperative associations complying with certain statutory conditions. The amendment would prevent the arbitrary suspension or expulsion from membership of such cooperatives by commodity exchanges; and it would not be possible to deprive cooperatives of the rights and privileges of contract market membership pending action by the Commission or the courts. The bill proposes to amend the present act so that the rights of cooperative associations on exchanges shall be expressly preserved pending such appeal.

It is well known that the commodity exchanges are, as a rule, hostile toward cooperative associations of producers; and under the present law a charge, however baseless, might be lodged against a cooperative, and it would be suspended from trading on the exchange pending the determination of an appeal, which might last 2 or 3 years. Since considerable time might elapse before the charge could be disposed of, substantial losses might be incurred by the cooperative, when often the charges might be baseless.

CEASE AND DESIST ORDER AUTHORIZED

Under the present act, the penalty for its violation by a commodity exchange is the suspension or revocation of contract market designation by the Commission created by the Grain Futures Act. The imposition of such penalty would penalize innocent producers by closing their markets. This situation would be remedied by the present bill, which provides that in lieu of revoking the designation of a contract market, which would have the effect of closing the market, the Commission may direct the market to cease and desist from its violation of the act in the particular complained of; failure of the market to comply with such cease and desist order subjecting it to a fine of not more than $10,000, or its officers to imprisonment for not more than 1 year, or both such fine and imprisonment.

This amendment to the present act would seem to be wholly desirable in the interest of the producers and traders utilizing the exchange.

SECRETARY OF AGRICULTURE TO PROCEED AGAINST VIOLATORS

Under the provisions of section 6 (a) of the present act, trading privileges on contract markets may be denied to violators of the act only by order of the Commission created by the act. The bill amends this section so as to empower the Secretary of Agriculture to proceed against violators other than a contract market, and thus obviate the necessity of convoking a commission composed of three members of the President's Cabinet. This would expedite the administration of the law, and would remove from consideration a number of individual infractions of regulations for trading on the exchange.

SUGGESTED AMENDMENTS

The Secretary of Agriculture has suggested two other important amendments to the present bill. On page 19, following subparagraph (6) of section 5 (a), it is suggested that another subparagraph be added and designated as (7). This amendment to the present bill will be offered at the proper time. It would read as follows:

(7) Require that receipts issued under the United States Warehouse Act (U. S. C. title VII, secs. 241–273) shall be accepted in satisfaction of any futures contract made on or subject to the rules of such contract market without discrimination, and notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any State or enjoys other or different privileges than under State law: *Provided, however,* That such receipts shall be for the kind, quality, and quantity of commodities specified in such contract, and that the warehouse in which the commodity is stored meets such reasonable requirements as may be imposed by such contract market on other warehouses as to location, accessibility, and suitability for warehousing and delivery purposes.

The purpose of this amendment is to give the privileges of the United States Warehouse Act to customers of the exchanges who are not licensed under the warehouse laws of the State in which the exchange is located. It is believed that the United States Warehouse Act gives ample protection to all who are connected with the exchange, and that the imposition of discriminations against customers is unfair, and works to the disadvantage of the customers and to the public generally.

This has to do particularly with wheat, to which reference was made a few moments ago, because in State-licensed warehouses oftentimes there is not enough storage capacity to comply with the demand for actual delivery at the end of a month.

The other important amendment proposed by the Secretary of Agriculture has to do with subsection (2) of section 6 (a), appearing on page 23 of the present bill. It is a substitute for subsection (2) and provides that—

No rule of any board of trade designated as a contract market shall forbid or be construed to forbid the payment of compensation on a commodity basis or otherwise by any federated cooperative association to its regional member association for services rendered or to be rendered in connection with any organization work, educational activity, or procurement of patronage, provided no part of any such compensation is returned to patrons (whether members or nonmembers) of such cooperative association, or of its regional or local member associations, otherwise than as a dividend on capital stock or as a patronage dividend out of the net earnings or surplus of such cooperative association.

As the bill now stands subsection (2) is not quite clear because of the use of the words "producer patrons", and might permit compensation to be returned to patrons of such cooperative association and would amount to a rebate to the seller of commodities to such association.

This sort of purchasing, that is where rebates are allowed, would be unfair to other members of the exchange, and would probably produce a chaotic condition in the market. It does seem fair and reasonable to permit the payment of compensation to regional member associations by the federated cooperative association on a commodity unit basis. The services of such regional associations are valuable and compensation is reasonable, but to give some portion of this compensation to the customers of the regionals does not seem either fair or reasonable. It is this point with which the Secretary's amendment deals and makes clear. I expect this amendment also to be offered to the bill at the proper time.

The present Grain Futures Act has been upheld as to its constitutionality by the Supreme Court in several cases. The regulations contained in it have been held to affect the national public interest and have been held to fall within a proper regulation of interstate commerce.

The amendments contained in this bill and those suggested by the Secretary of Agriculture, to which I have referred, would seem very clearly to fall within the decisions of the Supreme Court upholding the constitutionality of the original act.

It may be interesting to observe that of the total volume of future trading in all commodities on all markets in the United States, about 70 percent is in grains and about 20 percent in cotton. Trading in wheat futures accounts for about 85 percent of the trading in all grains and about 64 percent of the trading at Chicago in wheat. About 99 percent of the trading in grain futures takes place at four markets, Chicago, Kansas City, Minneapolis, and Duluth. The annual volume of trading in all grains on the Chicago Board of Trade is from eleven to twenty-eight billion bushels per year. In the case of wheat the volume of trading in futures is from six to sixteen billion bushels or from 8 to 24 times the size of the United States crop. Speculation

and hedging orders flow into the Chicago market from all parts of the world. The trading is largely speculative. Only a small percentage of the volume of trading represents hedging transactions. It has been suggested that only 5 percent of the trading in futures is in hedging transactions.

Less than 1 percent, on the average, of contracts for the future delivery of wheat on the Chicago Board of Trade are settled by delivery. Hedgers use the market only for protection purposes and do not ordinarily make deliveries.

In a survey conducted by the Grain Futures Administration as of September 29, 1934, it was found something like 18,000 persons had a market interest in the wheat or cotton futures on the Chicago Board of Trade. Nearly 2,000 of these were classified as farmers. It is interesting to note, however, that all occupations are represented, including bakers, bankers, cooks, clergymen, doctors, hog buyers, hostesses, jewelers, lawyers, nurses, pugilists, plasterers, seamen, scientists, waitresses, and watchmakers.

Investigation of the Grain Futures Administration indicates that it is the small traders—those who take positions in the market of less than 100,000 bushels—that not only absorb the hedging sales but who furnish the real support for future trading in grains. In the main their trading is so diffused and scattered that as a body they lend a stabilizing influence.

In the September 29 survey it was found that the long interest in Chicago wheat futures of 146,000,000 bushels was held by approximately 10,000 traders and the short interest of the same amount was held by approximately 3,500 traders. This means that there were 10,000 traders holding an average long interest of 15,000 bushels and 3,500 traders holding an average short interest of 32,000 bushels. There is a widespread public interest attached to the business of future trading. The very nature of the business is such as to make it fraught with temptation for those who are disposed to take unfair advantage. In no other business is there found the same combination of circumstances and profit possibilities to tempt the unscrupulous.

It is the purpose of this bill to reduce to a minimum the possibility of unscrupulous trading and to permit the benefits of such trading to be obtained by those entitled to them.

There can be no defense for such fraudulent practices as have been pointed out in transactions in these grain exchanges. The present law does not reach them. These markets are extremely sensitive. A false or misleading statement or fictitious trading may in a few minutes turn thousands of dollars into the pocket of some unscrupulous trader, as illustrated by the example I gave a few moments ago. At the same time it may cause millions of dollars in loss to farmers and others affected by a fictitious price movement. Large speculators may temporarily upset the whole price structure.

The Grain Futures Administration has found in the case of Chicago wheat futures, speculative lines, either long or short, in excess of 2,000,000 bushels are a threat to market stability. There have been within the last few years and since the passage of the original Grain Futures Act, speculative lines in excess of 10,000,000 bushels held by a single individual.

At best, with all the safeguards possible to be thrown around transactions in futures, these market exchanges possess possibilities of manipulation to the advantage of the shrewd and unscrupulous trader with corresponding loss to the thousands of producers who are innocent victims.

If it be true that there are advantages in commodity exchanges, that the price to the farmer is stabilized by bona fide hedging transactions, and other proper forms of trading, it certainly cannot be contended that fraudulent, fictitious, and cheating practices are justified from any standpoint. The farmer has enough difficulties, enough discriminations against him, enough suffering as the result of natural obstacles to his industry, without subjecting him to manipulations of his commodity markets by unscrupulous and cheating operators on the grain exchanges in this country.

I trust this bill will be passed by the Senate at the earliest possible date.

REGISTRATION OF VOTERS IN PITTSBURGH, PA.

Mr. DAVIS. Mr. President, I wish to make a further statement regarding an article from the Pittsburgh Press of April 14 concerning registration of voters in Pittsburgh which was introduced on April 20 by my colleague [Mr. GUFFEY].

On April 21 I said in reference to this article:

> My colleague asserts that the article in the Pittsburgh Press shows how the Republican lead in registration has been reduced. Having read the article carefully and observing the statistics given, I fail to see any explanation as to how the reduction in the Republican registration was accomplished.

I now have discovered why by reading the material which my colleague introduced into the RECORD I was unable to find an explanation of this change in registration. I find that the explanatory part of this news article was omitted. I wish now to read the part which was omitted, and to ask that that article in full be printed at the conclusion of my remarks.

The Pittsburgh Press, notably friendly to the administration, explains the change of registration, as follows:

> Under pressure to qualify themselves to vote for Mayor William N. McNair and some of his satellites for Democratic nominations in the primary election, hundreds of city employees changed their registration from Republican to Democratic during the last few days.

The employees have been pushed back and forth between the two parties in the last 2 years so much that they are dizzy. In the State fight 2 years ago it was reported that the city administration exerted pressure on the employees to favor the Republican candidates for Governor and United States Senator. And now has come the pressure in the opposite direction.

> The switching of the party registration of city employees has been particularly marked in the Thirty-second Congressional District, where Mayor McNair is a candidate for the Democratic nomination for Congress and Public Safety Director Thomas A. Dunn is running for Democratic national delegate. It has been only slightly less in the Thirty-third District, in which Supplies Director John J. Murry is a candidate for the Democratic nomination for Congress and City Assessor William B. Foster is seeking election as a national delegate.

When introducing the statistics from the news article of the Pittsburgh Press and leaving out the explanatory part which I have just read, my colleague said that he wished to introduce "a clipping" from the Press. His reference appears to have been most apt, indeed, when one reflects on the part which was clipped out. Doubtless he can explain the reason for this clipping better than anyone else.

While the Pittsburgh Press is well known to be friendly to the administration, I have observed that it has followed the old journalistic adage to "print all the news that is fit to print", and in this particular instance credit should be given to the Pittsburgh Press for printing both sides of the story. The fact of the matter is that, in a day when most of us read at least two newspapers, little is to be gained by attempting deliberately to mislead the public.

The PRESIDING OFFICER. Without objection, the article referred to by the Senator from Pennsylvania will be printed in the RECORD.

The article is as follows:

[From the Pittsburgh Press of Apr. 14, 1936]

VOTE CHANGES INCREASE LEAD OF DEMOCRATS—BOOKS FOR PRIMARY ELECTION CLOSED WITH G. O. P. BEHIND BY 4,173—1,600 SWITCH PARTIES—NCNAIR CAMPAIGN GIVEN AS REASON FOR MANY POLITICAL SHIFTS

The Democratic lead in the registration of Pittsburgh voters was 4,173 when the books for the primary election were closed last night. No additional registrations or changes in enrollment from one party to another can take place in the city until after the primary.

The final totals of the major parties were:

Democratic, 130,285.

Republican, 126,112.

The score for yesterday was 1,562 changes from Republican to Democratic registration, and only 101 from Democratic to Republican.

HUGE GAIN MADE

The Democratic registration of 1932 in Pittsburgh, the year President Roosevelt was elected, was only 19,702. The Republican registration was 268,161 in that year.

Democrats, therefore, have gained 110,583 in Pittsburgh registration in 4 years and Republicans have lost 82,049.

Under pressure to qualify themselves to vote for Mayor William N. McNair and some of his satellites for Democratic nominations in the primary election, hundreds of city employees changed their registration from Republican to Democratic during the last few days.

The employees have been pushed back and forth between the two parties in the last 2 years so much that they are dizzy. In the State fight 2 years ago the McNair administration drove on the employees in favor of the Republican candidates for Governor and United States Senator. The same thing occurred last year in the interest of Republican candidates for county offices. And now has come the pressure in the opposite direction.

M'NAIR A CANDIDATE

The switching of the party registration of city employees has been particularly marked in the Thirty-second Congressional District, where Mayor McNair is a candidate for the Democratic nomination for Congress and Public Safety Director Thomas A. Dunn is running for Democratic national delegate. It has been only slightly less in the Thirty-third District, in which Supplies Director John J. Murray is a candidate for the Democratic nomination for Congress and City Assessor William B. Foster is seeking election as a national delegate.

The Republican lead in registration in the entire county has been cut to 50,906. Four years ago Republicans topped the Democrats by 375,467. County registrations then were: Republicans, 425,121; Democratic, 49,654.

The registration for the entire county now is divided as follows: Republican, 325,964; Democratic, 275,058.

THE WORKS PROGRESS ADMINISTRATION

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Sharon Herald of April 24 entitled "Relief Money Well Spent", in which a fine tribute is paid to the W. P. A. orchestra in this community. This article came to my desk this morning, and in view of the many charges of "boondoggling" which are made I desire to show the other side of the picture. Sharon is a community close to my heart. I lived there during the early years of my life and my parents maintained residence there for over half a century. The people of Sharon are substantial, hard-working, fine-spirited citizens, and I know that the words of praise of the W. P. A. orchestra there represent a general community appreciation of what the Government is doing not alone for music but for actors, artists, and others of similar talents.

On April 24 the junior Senator from New York, during a time when I was not present on the Senate floor, introduced a number of telegrams regarding the W. P. A. theater project of New York City. Two of these telegrams were from Mr. Frank Gillmore, president of the Actors' Equity Association, whom I know. I wrote a somewhat extended letter to Mr. Gillmore, explaining the speech which I made on April 20 on the floor of the Senate regarding this issue. I ask that this letter be printed herewith.

The PRESIDING OFFICER. In the absence of objection, the editorial and letter will be printed in the RECORD.

The editorial and letter are as follows:

[From the Sharon (Pa.) Herald of Apr. 24, 1936]

RELIEF MONEY WELL SPENT

If there were any in the audience who had scoffed at the W. P. A. project for unemployed musicians, actors, artists, and others of similar talents, they must have been greatly surprised and made to feel considerably ashamed of themselves by the district W. P. A. orchestra's concert in the high-school auditorium last night.

For the concert was top-notch in every way, reflecting great credit upon the musicians and their director, Ben Shulansky, of New Castle, formerly of Sharon.

Certainly money spent to advance the arts is not wasted if it is productive of the fine results evidenced by the district orchestra in its appearance here. It would be a topsy-turvy world if we all had to swing picks and wield shovels; also if we all were musicians. Both are needed to balance our lives, and those who heard the W. P. A. concert could not doubt that they received a greater benefit than many other district relief projects have afforded.

Let us have more music, theater, and art projects if such excellent results are to be obtained.

APRIL 25, 1936.

Mr. FRANK GILLMORE,
President, Actors' Equity Association,
45 West Forty-seventh Street, New York.

DEAR GILLMORE: Yesterday the junior Senator from New York, Mr. WAGNER, presented two telegrams from you in the CONGRESSIONAL RECORD, together with a number of others. These telegrams are found on pages 6074–6075 of the RECORD for April 24.

In the course of his remarks Senator WAGNER said that I had criticized the Federal theater project of the Works Progress Administration. I suggest that you read through the brief speech which I made on this subject found on pages 5696–5699 of the RECORD of April 20. If you read my speech carefully, you will observe that I offered no personal criticism of the project as such whatsoever.

I introduced letters written by Mr. Norman L. Marks, counsel, and Mr. Adolph Pinkus, president of the Federal Theatre Veterans League, which had been addressed to President Roosevelt on March 19, together with a letter written by Mr. E. J. Blunkall. I made no reference to Mr. Blunkall in connection with the Actors' Equity Association, and in the letter which was inserted in the RECORD over his name no reference of this kind was made.

These letters criticized the theater project because of alleged communistic activities within it. I made no personal accusation against the project because I have no personal knowledge of it. I did quote from the writings of Mrs. Hallie Flanagan, who is the director of the project. I made no personal criticism of Mrs. Flanagan because I do not know her personally. I quoted from her writings, showing that as late as 1934 she had severely condemned the American plan of life and had idealized communism.

I called attention to page 81 of Mrs. Flanagan's book of 1928, entitled "Shifting Scenes", in which she eulogizes the Russian theater, saying "I became absorbed by the drama outside the theater; the strange, stirring, and glorious drama that is Russia." Of Mrs. Flanagan's writings I said on April 20: "Anyone reading these books, either casually or carefully, would find no place in which Mrs. Flanagan has a good word to say about the United States, this Government, American institutions, or the economic system which still makes possible relief money for the Works Progress Administration. From reading these books one gains the impression that Russia is a grand place and that the United States is terrible. Mrs. Flanagan's idea of the country in which she directs the theater project of the Works Progress Administration is found in her play, the American Plan, where business is caricatured, communistic violence made to seem inevitable, and class conflict necessary." Then I said, "If these are not Mrs. Flanagan's actual sentiments, I believe the country would welcome a statement from her to the contrary." I have not heard from her as yet.

I hope in the interest of fair play for the Works Progress Administration and in justice to herself that if Mrs. Flanagan did not write these books, or if they were merely an artistic presentation of a chance whim on her part, or if she did write them but has since changed her mind on these issues, or if she has written books other than the four listed under her name in the Library of Congress, in which she presents different points of view, that she will bring these facts to the attention of the American public. If she wishes additional representation on this subject, or if she believes that she has been unfairly represented, I would gladly introduce a statement from her to the Senate. I have no desire to injure the reputation of anyone.

I suggested in my speech on the Senate floor April 20 that those responsible for the appointment of Mrs. Flanagan should address a letter to the Presiding Officer of the Senate explaining the reasons for her appointment. I presume that Mr. Harry Hopkins, Administrator of the Works Progress Administration, was responsible for her appointment, and yet I cannot say this to be true, because I do not know. I did not ask Mr. Hopkins to explain her appointment to me because he has not as yet answered other inquiries which I have directed to him some weeks ago. On the matter of her appointment I said: "The question arises as to why she was appointed to administer over $7,000,000 of American money under the Works Progress Administration, when all of her published works reveal, as she says, that she has become 'absorbed in the glorious drama that is Russia.' Was she so appointed because the Administration approves her point of view? If the administration appointed her without knowing her point of view, it reveals unbelievable irresponsibility. If the administration appointed her as a mark of approval and a sanction on her absorption in the 'glorious drama that is Russia', it should now explain to the taxpayers of this country the use of relief money intended to feed the hungry for such alien purposes."

Knowing you as I do, Mr. Gillmore, I am sure that you are not a Communist. Therefore, you would have little or no interest in trying to divert American money to spread communistic propaganda in this country, through the theater or otherwise. I know the high ideals and fine American principles for which the Actors' Equity Association stands.

I also know that Senator WAGNER is not a Communist. Certainly he would not wish to place his endorsement on the use of work-relief money for the spread of communism. You will note in his remarks on the theater project of April 24 he makes no reference whatsoever to the issue of communism. As you read over my statement in the CONGRESSIONAL RECORD you will observe that this was the one and only issue which I raised as far as the Federal Theater project was concerned. I spoke solely about using the project for the purpose of spreading communistic propaganda. I made no personal observations about this issue because I have no personal knowledge of it. I simply introduced such evidence as has come to me and asked to be informed on this subject by those who had administrative responsibility for this project. The evidence which I presented seemed trustworthy. It was specific. If the charges there presented are untrue, they should be proven to be false. If they are true—and I have no evidence to the contrary as yet—only an unbiased Senate investigation of the entire Works Progress Administration will actually

explain this situation. Doubtless you are aware of the fact that over 7 weeks ago I presented a resolution in the Senate asking for such an investigation.

In my speech of April 20 I made no statement whatsoever as to how I thought the theater project should be administered. The telegrams which Senator WAGNER introduced in the RECORD did not touch on this subject at all. Therefore, as far as I am concerned and until I receive additional evidence, my thought on this subject remains just as it was on April 20, because I have heard from neither Mrs. Flanagan or Mr. Hopkins concerning the use of the Federal theater project for communistic purposes.

As you know, Mr. Gillmore, I have known the great men and women of the stage. During my early days I associated with many of them. I delighted to sing and upon occasion could do something with the clarinet. In my younger days I became well acquainted with the popular stage favorites of those days—the gay nineties and later. I know the American actor and I understand his point of view. The actors whom I have known have been great patriots, true to their country and lovers of the American way of life. I was truly shocked when evidence was presented to me which pointed to the fact that those now directing the American theater project are not professional stage people and that questions have been raised about their national allegiance.

I am sure that American actors and those who encourage the advancement of young American amateurs such as Major Bowes desire to protect American ideals and the American principles of government. You may be sure, Mr. Gillmore, that what the Government is now trying to do for the fine folk of the theater is but an indication of what will be done in an even more substantial way if the American way of life prevails.

Permit me to call attention to the fact that the Federal Theater Veterans League did not ask for the abandonment of the Federal theater project. The veterans asked that those who direct these American Government activities be American in principle. I believe the taxpayers of America would vote for their request "that the theater project be used to produce art, education, and drama and not to disseminate communistic propaganda", notwithstanding the fact that Senator WAGNER introduced a telegram in the CONGRESSIONAL RECORD on April 24 signed by Mr. Morris Watson, vice president of the American Newspaper Guild, stating: "Protest reading of Federal Theater Veterans League petition on Senate floor as untrue and not representative of veterans' viewpoint." If I know anything about the American Legion or the Veterans of Foreign Wars, they are not willing to advocate the use of American taxpayers' money for the spread of alien propaganda.

You will note, Mr. Gillmore, if you read the telegrams on page 6308 of the CONGRESSIONAL RECORD for April 24 that of all the telegrams introduced by Senator WAGNER, only one had any defense to offer of Mrs. Flanagan. This one was signed by a college professor, Mr. S. M. Tucker, of the Polytechnic Institute of Brooklyn. Mr. Tucker wired: "Urge you to use your influence to keep Federal theater project under control of present set-up at Washington with Mrs. Flanagan and not to turn it over to State or city of New York. Project is doing splendid work. Any change of administration would certainly ruin everything. I speak from complete knowledge of the situation. I have no personal connection with the project and appeal only as playgoer, teacher, dramatic critic." I do not know Prof. S. M. Tucker, but of the entire 23 telegrams which Senator WAGNER read into the RECORD only one advocated the retention of Mrs. Flanagan. In view of the fact that my remarks on the Senate floor pertained solely to the use of the project for communistic purposes and not at all to the question of State control of its administration, I noticed an absence of comment on this one point at issue.

You may be sure, Mr. Gillmore, that I do not wish to see Federal money for the American theater stopped. My idea has always been that the American theater should be given every possible support so that its services might build up American art and education.

I sincerely hope that the blight of communism will not destroy the confidence of the taxpayers in the Federal Works Progress Administration theater project in New York City.

I know how generous actors are. The great professional actors of America have given their services time without number for charitable cause of all kinds. Now they need the help of the Government and I shall do everything in my power to help them in their time of need.

Feeling as I do you can imagine my indignation when I was informed that Federal theater project money is being paid to people who have never had anything to do with the theater while professional actors walk the streets. If this is the actual situation it should be investigated and stopped at once. If it is not true, I ask you to write me a detailed account of the actual situation.

I know of the long years of struggle which you have made for the development of a real trade union for American actors. I know how you have joined in the great task of establishing the principle of collective bargaining. I honor you for the work you have done. Knowing you and the principles for which you stand as I do, I have written you at length so that you may understand that what concerns American stage and theater folks vitally concerns me. I desire the American theater to get a fair deal.

Most cordially yours,

JAMES J. DAVIS.

EFFECTS OF NEW DEAL POLICIES

Mr. DICKINSON. Mr. President, again we say, "America must choose." It is with interest that I read the statement of Mr. Harper Sibley, of the United States Chamber of Commerce, that there is amazing improvement in American business. Then I read of the dividends paid by a number of our larger industries. After satisfying myself with reference to the genuineness of this improvement, then I read the last report of the American Federation of Labor, showing that labor conditions are not improved and that some 12,000,000 men are still out of work. Then I read the testimony of Mr. Harry Hopkins for new relief demands of a billion five hundred million dollars, which I understand now will probably be increased another billion, if not two more billion, to be added to the present burdens of the American taxpayer.

Can it be that greater efficiency in production permits the production of goods on a more profitable basis and with less labor? Are we being led into more profitable business with less labor employed? In other words, more riches for the rich and more hardship for the poor.

This leads me to inquire whether or not our present system of borrowing and spending is helpful or harmful. We find that Federal funds are the real impetus behind the improvement in steel, automobile, and other major industries. We find that the distribution of the taxpayer's money is having a beneficial effect upon the consumers' goods industry, but is there anything really permanent about the progress we are now making? Or are we being satisfied today by a system that will impoverish us on the morrow? Will the economy of scarcity ever relieve the depression?

At this point I desire to insert in the RECORD excerpts from a speech delivered by me at Mount Vernon, Iowa, on November 4, 1935, on "Agriculture and Its Future."

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

As against the ideas expounded in Secretary Wallace's America Must Choose, let me cite to you two other studies which reach quite different conclusions regarding this problem. One is called America's Capacity to Consume, and is issued by the impartial, scientific organization known as the Brookings Institution in Washington. The other is the Department of Agriculture's own Circular No. 296, published in November 1933, just 6 months after Messrs. Wallace and Tugwell took office, but of which, it is quite obvious, they have never heard. Representing years of patient research, it is one of the most important documents ever issued by the Government.

For here is set forth, carefully analyzed by different classes of population, the future food requirements of the Nation. Both these authorities reach the conclusion that the real problem of agriculture today is not overproduction, but underconsumption. We are so accustomed to thinking of America as a land of plenty that it is difficult to believe that half the people live below a minimum dietary standard; and that, were these normal needs supplied, we should be faced with almost a famine in many important foodstuffs. Yet such is the fact—a fact which certainly cannot be reconciled with a program of curtailment.

Outlined in the Department's circular are three diets: One of moderate cost, mind you, for the average person who works, calling for a per capita food supply of 1,655 pounds annually; one of minimum cost, necessary for health, requiring 1,233 pounds of food; and an emergency diet, needed for life itself, of 959 pounds.

When these quantities are multiplied by 125,000,000 persons, the food required for the American people each year reaches truly amazing proportions. But the important part of these computations is that, for even a prosperous year like 1928, the entire food production of the United States failed to meet the needs of this moderate-cost diet by over 20,000,000,000 pounds, and exceeded the Nation's minimum requirements by only 30,000,000,000 pounds.

If this was the condition at a time when there was little industrial unemployment, then what must it be today, after 6 years of depression? The problem now is no longer one of mere underconsumption but of actual and serious undernourishment for literally millions of our citizens. In the face of this appalling situation, which is being confirmed daily by public health officials, does placing farm production under further restrictions appear to be the course of wisdom and common sense?

Already from the great cities come reports of protests by angry housewives against rising food prices. There are increasing murmurs of discontent among those on relief as to the inadequacy of food provided. The prediction is made that during the months immediately ahead the cost of living will advance still further. While there can be no such thing as starvation in a rich country like ours, yet this winter literally millions of men, women, and children will be forced to go hungry because of this foolish—yes, almost criminal—destruction of crops and livestock directed by the administration.

I regret that there is not sufficient time today to discuss more thoroughly, with the attention that it deserves, this question of prospective food shortages, as forecast by the Department of Agri-

culture itself. For purposes of illustration, two examples must suffice. The figures I cite are taken from a study made by one of America's leading agricultural experts, Dr. Charles W. Burkett, formerly editor of the American Agriculturist, until recently owned by Secretary of the Treasury Morgenthau.

In 1900 our per-capita consumption of beef was 68 pounds; in 1910, 71 pounds; in 1920, 63 pounds. But in 1930, owing to shortage and high prices, the amount of beef consumed dropped to 50 pounds, while this year the estimate is in the neighborhood of 45 pounds. Under the dietary standard set up by circular 296, the minimum requirement per person is 56 pounds. On this basis, the Nation is faced with an actual shortage of more than 2,000,000,000 pounds. Nor must we forget the fact that since 1915 we have been importing in meats the equivalent of nearly 1,000,000 head of livestock annually. In terms of American grazing land lying idle, this equals 10,000,000 acres.

Next, let us take corn, in which Iowa has such a decided interest. Forty percent of the corn crop is annually consumed in pork production. Yet Dr. Burkett declares: "Pork production this year cannot possibly run over six-tenths of the 1929 production, or 4,875,000,000 pounds measured in retail cuts. Instead, therefore, of an excess of 294,000,000 pounds, based on population, to reach the average consumption as laid down by the Department of Agriculture, we shall be faced with a shortage of more than 3,000,000,000 pounds."

With this shortage in hogs now prevailing, another interesting question is raised to which the A. A. A., in its omniscience, has not yet supplied the answer: What is the farmer to do with this year's corn crop? If any proof is needed that supply and demand still govern corn prices, rather than the Secretary of Agriculture, consider corn's position last year and this. The A. A. A. 1934 program called for a reduction of only 200,000,000 bushels, but Providence intervened and reduced the crop by a billion bushels instead. The price, due to the drought, rose to 75 cents. This year, with restrictions still in effect and with fewer hogs to feed, the crop will be increased by 500,000,000 bushels to 2,100,000,000 bushels. And the price, despite the Secretary of Agriculture, will be 50 cents or less per bushel.

And while we are on the subject of crop shortages, let me complete the picture by summarizing what we have imported in agricultural products since the 1st of January of this year. These imports, for the 7 months up to the 1st of August, let me add, equal in terms of American farm lands now left idle and unused, crops which would normally be raised on no less than 13,000,000 acres. Here is a partial list, showing the increase in imports this year over last, both by volume and percentage:

	Jan. 1–Aug. 1—		Increase	
	1935	1934	Times	Per-cent
Beef and veal	7,115,925 pounds	136,972 pounds	52	5,095
Ham, bacon, etc.	2,395,608 pounds	547,223 pounds	4.4	337
Canned meat	49,770,402 pounds	26,215,757 pounds	1.9	90
Butter	21,826,263 pounds	296,185 pounds	74	7,269
Lard	10,758,779 pounds	147,361 pounds	70	7,200
Barley	4,773,802 bushels			
Corn	31,822,886 bushels	371,731 bushels	86	8,460
Oats	10,085,276 bushels	200,357 bushels	50	4,933
Wheat	9,801,745 bushels	557,602 bushels	17.6	1,658
Wheat flour	760,297 pounds	139,701 pounds	5.4	444

These facts would seem to demonstrate conclusively the essential fallacy underlying the New Deal's economic policy. Had we centered our attention first on the enlargement of domestic consumption rather than seeking to raise price levels and, second, upon regaining our position abroad, prices largely would have taken care of themselves. Instead, under the guise of an emergency, we resorted to the vicious practice of curtailment subsidy, when the whole lesson of history teaches the disastrous consequences which usually attend such experiments.

Mr. DICKINSON. Mr. President, I understand that "prosperity" is here.

The highest authority assures the Nation, "We planned it that way; and don't let anybody tell you different."

Perhaps it is a fair question to ask, What kind of "prosperity"? Only when it can be said that at least a majority of our people have enough to eat—then and not until then—can the assertion be maintained that prosperity or "recovery", call it what we will, is really here. The measure of prosperity is not stock-market averages, or even the rate of employment. It is the well-being of the American people.

The truth is that during the past 3 years the standard of living of the American people has progressively declined to reach new lows. Under the Roosevelt administration purchasing power has dwindled until today, excluding those on relief, there are literally millions of our citizens on the border line of destitution. Even the bare necessities of life are beyond their reach. Public-health statistics show that undernourishment is becoming one of our major national problems.

The President himself admits that this condition exists. In an address at Atlanta, Ga., on November 29, he pointed out that the average of our citizenship today lives on a "third class diet."

In the items which I have just inserted in the RECORD I have shown the research that has brought forth the data, not only from the Brookings Institution, but from a document issued by the Department of Agriculture itself, which set forth the very items I have suggested. I refer to Department of Agriculture Circular No. 9296, published in November 1933.

The reason the President gives for this alarming condition to which I have referred is that "the masses of the American people have not got the purchasing power to eat more and better food." There in the President's own words we have the actual results that have followed the enforcement of the administration's doctrine of "scarcity."

Let us examine the President's words in the light of New Deal practice.

The Nation lives on a third-class diet simply because people have not enough money to buy the hogs, the cattle, the sheep, the corn, and the wheat that the farmer raises. So the growing of grain is restricted, food animals are destroyed. That is one side of the picture. Let us have a look at the other side.

While the cost of living has advanced 30 percent, the administration has conducted a reign of terror toward industry so that industry has failed to expand, employ more men, and raise wages and salaries as it normally would. Wages have only increased 3 percent compared to the 30-percent increase in the cost of living. The salaried worker receives the same number of dollars that he did at the beginning of this administration only his dollars, due to the devaluation, are worth less. As a result of all this, more people are forced on to a third-class diet; consequently, the farmer finds his market shrinking to the smaller and smaller proportions.

Who benefits? Certainly not the man on the third-class diet or the farmer. In this connection we might point out that the farmers have received only $1,000,000,000 in benefits, but, as they comprise 40 percent of our population, in the end, they must pay back into the Treasury their proportion of the $20,000,000,000 spent by the New Deal.

Secretary Wallace finds himself impaled upon the horns of a new dilemma—or should I say a "New Dealemma"?—even more serious than he faced 3 years ago. For him, as in the popular song, the problem keeps on going "round and round." The slaughter of food animals began in the fall of 1933. Now the Department of Agriculture estimates that for 1933 the per-capita consumption of all meats, excluding lard, was 142.9. The following year, meat from Government-slaughtered animals—such as was not destroyed—was given to people on relief so that the estimated consumption for 1934 rose to 152.6. Only last year did the true results of the policy of "scarcity" become apparent. Meat consumption went into a tail spin. The Department has not yet released its figures for 1935, but by applying the percentage change in production of Federal meats to the total consumption in 1934—which is the identical method the Department has used in the past—we find that total per-capita consumption dropped to 126.7 pounds. And remember, during 1935 this country imported no less than 346,000,000 pounds of meat in addition. Thus the farmer lost double, through reduced domestic consumption and through new foreign competitors admitted to his own markets.

Young Henry Wallace would not find himself in his present embarrassing and untenable position had be followed the precepts of the wiser and less-visionary member of his family—his own father, who, while Secretary of Agriculture, said:

> The extent to which meat will constitute a part of the diet of this larger population will have an important bearing upon the farm practices of the corn grower.

This statement is found upon page 226 United States Department of Agriculture Yearbook for 1921.

The veteran Republican Secretary of Agriculture might well have had in mind a warning to the New Deal Secretary of Agriculture when, on page 223 of the 1921 yearbook, he wrote:

> The corn crop is subject so largely to the influence of the environment that nothing can be foretold as to the size of the coming crop. Drought and frost make large differences in yield from year to year. Disease and insect pests take their toll. With this in mind, it does not seem wise to reduce the acreage unduly on the basis of a surplus in 1 or 2 years.

We are now consuming less bread, the staff of life, than we did in 1932. The use of milk, so necessary for babies and growing children, has declined by 1,143,000,000 quarts. We eat 1,270,000,000 less pounds of green vegetables and fresh fruits than we did in 1932.

Last year, while the administration was proclaiming on every occasion, from the President's message on the "state of the Union" to the town meeting, that recovery had arrived, America actually decreased its meat consumption from the levels of only 2 years before by 3,290,000,000 pounds! Compare this with 1932, the last Republican year, admittedly the low point of the depression, not only in America but all over the world. In that year Americans consumed at the table 1,079,000,000 more pounds of meat than they did in 1935, with its alleged Roosevelt-induced "prosperity."

From these figures we may begin to understand the meaning of the President's statement that the average of our citizenship is living on a third-class diet. But, to get its true significance, let me tell you that "Machine Gun Kelly", confined in the Government prison out on Alcatraz Island, is today better fed than the same average American that the President talks about.

When we turn to a study of consumption of food products in American prisons, we find that the per-capita consumption of meats in these Federal institutions is more than twice that prescribed for the President's third-class diet. Likewise, more flours and cereals were consumed by Federal prisoners per capita in 1932 than are prescribed in any of the President's diets.

Thus, we arrive at the startling fact that every gangster, every counterfeiter, every dope peddler now incarcerated in a Federal penitentiary not only lives better but actually has twice as much to eat as the average of our free citizenship in this year of Roosevelt 1936. That is the situation revealed if we accept at face value the assertions Mr. Roosevelt made in his Atlanta speech; and remember that the President spoke only of the general average. Many a good American, too proud to accept Government help, is trying to last out the Roosevelt "prosperity" on a daily ration of potatoes; and the administration did its best to take the potatoes away from them!

How can such an appalling situation be reconciled with the Administration's relief program?

The Congress freely voted the billions of dollars which, the President asserted, would at once restore the country's purchasing power. Now, from the President himself, we learn that this objective has not been attained. Purchasing power has not been restored sufficiently to buy food to sustain life, even on a bare subsistence basis.

At this point I desire to insert in the RECORD a brief extract from this morning's New York Times. In an article by Mr. Charles R. Michael I find the following:

> The chief Roosevelt pronouncement attacked by the Republicans was his assertion that:
>
> "Reduction of costs of manufacture does not mean more purchasing power and more goods consumed. It means just the opposite."
>
> With regard to this Senator DICKINSON said:
>
> "The President is apparently still devoted to his theory that recovery is achieved by curtailing production and raising prices. The trouble with that theory is that it has been tried for 3 years and it has failed. It has definitely failed to increase purchasing power. As the result we still have more than 12,000,000 persons unemployed."

As a result of this philosophy, the farmers' market, instead of being enlarged has been still further narrowed. The problem of relief for the unemployed is more acute than ever. According to the American Federation of Labor, there are now 12,600,000 unemployed as against 11,600,000 when Mr. Roosevelt took office. Apparently the New Deal, through expenditures totaling some $20,000,000,000, has only succeeded in displacing an additional million workers.

Now, let us examine still other inevitable consequences which have followed the program of planned "scarcity." Destroying millions of hogs forced millions of people to go hungry; abandoning millions of acres of grain put prices for decent American food out of reach for millions of decent American families. As the logical, the inevitable consequence of this deliberate and wicked waste, for the first time, we have Americans living on food unfit for even dogs to eat. I mean that statement literally—food unfit for even dogs to eat.

Nearly everyone remembers the revelations contained in Upton Sinclair's book, The Jungle, published more than a generation ago. From that exposure came the "cleaning up" of the packing industry. Federal legislation followed which created sanitary safeguards surrounding the packing of meat and meat products that still is a model for the civilized world.

It will come, therefore, as a double shock to learn that in one of our great food industries jungle conditions still prevail, with all the implications and menace to the public health that horrified this country when Sinclair painted his graphic picture of conditions as they existed in 1906. I refer to the manufacture of canned dog food. These dog foods are freely displayed and sold to the public from groceries, drug stores, and all stores where food for humans is normally sold. The annual output of the industry amounts to approximately 500,000,000 cans, with a retail value of $40,000,000.

Now, the interesting things about the dog-food business is its present unprecedented prosperity. Its production has increased by leaps and bounds for no apparent reason. There has been neither a sudden rise in the birth rate in dogdom nor changes in dog appetites. The depression provides no explanation; on the contrary, dog owners were much more apt in hard times to feed table scraps than to purchase specially prepared foods. An investigation, begun by the manufacturers, and substantiated by reports from inspectors for the Department of Agriculture, leads to one indisputable conclusion. The increase in dog-food consumption can be accounted for because it was, and is today, being used for human beings.

Investigation reveals that a heavy demand exists among the poor people. None of these people are likely to buy prepared food for their dogs, yet quantities of such goods were found in many families even where there were no family pets. Indeed, this particular demand is now so great that Mr. L. J. Becker, former secretary of the National Dog Food Manufacturers' Association, estimates that today 20 percent of the entire output is eaten by human beings. That is a great deal of dog food—in fact, about 100,000,000 pounds annually. Now, the alarming fact in this situation is not that men and women have been actually compelled to eat food prepared for dogs, but that only 15 of the 200 plants manufacturing such food are under regular inspection by the Department of Agriculture. Next, and equally serious, is the character of this uninspected—one can hardly call it food—product. It comes from two sources: Carrion, made from dead animals, or else from the diseased lungs, livers, and fibrous tissues which make up the refuse from slaughterhouses. On the farm and around the stockyards it is known as tankage. Before this bonanza in dog foods began, it was used exclusively in the manufacture of fertilizer, and that is all it is actually fit for.

For the sake of fairness and the record, I desire to name the 15 packers whose product is inspected by the Department of Agriculture. They make pure, wholesome food products, and the public has a right to know who they are. These packers include Armour & Co., Chicago; Chappel Bros., Rockford, Ill.; Foell Packing Co., Chicago; George A. Hormel & Co., Austin, Minn.; Illinois Meat Co., Chicago; Loyal Pack-

ing Co., Chicago; Modern Food Process Co., Philadelphia; John Morrell & Co., Ottumwa, Iowa; Rath Packing Co., Waterloo, Iowa; Rich Products Corporation, Rockford, Ill.; Republic Food Products, Chicago; Rival Packing Co., Chicago; Schlesser Bros., Portland, Oreg; Swift & Co., Chicago; Wilson Packing Co., Chicago.

Passing for the moment the danger arising from the possibility of the spread of disease through the use of uninspected brands, and considering merely the nutrition value of such food, this fact has also been established: Through actual tests it has been shown that dogs fed exclusively on a diet of this stuff will die of malnutrition after a few months.

America had its embalmed-beef scandal in the days of the Spanish-American War; there was the "jungle" of 1906; but never before has there been a situation parallel to that now revealed—an administration which boasts of its humanitarian purpose, and yet permits shipment of offal in interstate commerce and permits its flagrant mislabeling as "fit for human consumption". Such is the exact wording which some of the labels carry.

That human consumption of dog food reached its peak at the very time the per-capita consumption of meat was at its low point may be merely a coincidence. It may have no relationship to the New Deal policy of scarcity or the ruthless and deliberate destruction of our fresh-meat animals. I do not know. But in no depression before this have we deliberately destroyed our meat animals or raised food prices out of reach of the masses of our people. How such a policy—which alters so radically the Nation's food habits—can benefit anyone in the long run is beyond my comprehension. It certainly can never make sense to the farmer, even with all of Secretary Wallace's or Mr. Tugwell's artful persuasion.

Another phenomenon which always follows in the wake of scarcity, whether "planned" or the more natural variety known as "famine", is the appearance in this country of certain diseases well known in China and other famine areas.

This product is so labeled that the public believes it—I now quote the exact wording of the label—is—

> Manufactured under light sanitary conditions, and contains meat byproducts, muscle meat, hulled cracked wheat, fresh carrots, red bran, garlic, fat, charcoal, soybean flour, cooked green bone, and bone marrow.

It almost makes your mouth water, does it not?

The conditions which I have recited here are described in great detail in 237 typewritten pages of hearings held on the code of fair competition for the canned dog-food industry. Those hearings, held in Washington under the very shadow of the Capitol, were attended by representatives of the Department of Agriculture. They heard this recital of facts, yet none of the material allegations were challenged, nor was any action ever taken with regard to the conditions revealed.

Mr. P. M. Chappel, of Chappel Bros., Inc., introduced exhibits of gross mislabeling. I shall quote from only one or two of the labels.

At the top of the list is one which reads: "Contains 85% U. S. inspected meat." A second puts forth the claim: "It contains U. S. inspected meat."

Now, every properly inspected food must bear the legend: "U. S. inspected and passed by the Department of Agriculture."

It seems obvious to me that these racketeers have labeled their product so as to mislead people to believe that it complied with the Government's specifications. Not only is this the fact, but the Government has permitted this fraud notwithstanding that there is ample law on the statute books which would have prevented it.

In all fairness to Dr. Mohler, I desire to say that I consider him to be one of the most efficient public officials in the Government service in Washington, D. C. The officials of the Department of Agriculture have had a serious time in deciding whether or not they had full authority to inspect all these plants. It is my understanding that the legal department of the Department of Agriculture has recently rendered an opinion holding that the law is not broad enough; so I take it that an additional bill on the subject should be introduced and enacted. I do find, however, that for a number of years there has been an inspection of the various types of food that have been put out before these labels could be put on the packages. Therefore, I wish to make no suggestion with reference to curtailment of the right of the Department of Agriculture to inspect these products. What I should like is to see the authority extended to a point where inspection is compulsory on all these products before they are permitted to be put on the shelves of dealers and sold under the conditions named.

Mr. LEWIS. Mr. President, will the Senator allow me to interrupt him?

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Iowa yield to the Senator from Illinois?

Mr. DICKINSON. I do.

Mr. LEWIS. Will the Senator allow me to ask him if he has had opportunity to investigate, as a result of which he may now say where and by whom the food he describes as dog food is manufactured? Do the packers at the city of Chicago to whom the Senator has referred by name make this product and put it on the market?

Mr. DICKINSON. They make an inspected product, and there is no criticism of its sale, so far as I know, and the two plants in Iowa I have named make an inspected product. The theory I have is that such inspection ought to be extended to all products where there is any possibility of it being used for human consumption.

Mr. LEWIS. Does the Senator happen to know and can he tell whence come these products which he feels have not been properly inspected and should not have been put on the market?

Mr. DICKINSON. I think that knowledge is in the hands of the Department of Agriculture. I think it is in the records here. I do not care to put it into the Senate RECORD.

Mr. McKELLAR. Mr. President, does the Senator intend to introduce a bill to correct the trouble of which he speaks?

Mr. DICKINSON. I think I shall. The matter came to my notice just a few days ago. I think it ought to be corrected. I have conferred with Dr. Mohler about it, and he wants it corrected. I do not believe we ought to let a condition continue under which 20,000,000 cans of dog food are being consumed by humans without some more protection than we are now giving.

Mr. McKELLAR. How long has this been going on?

Mr. DICKINSON. It was recited here February 5, 1935, in the code hearings, a transcript of which I have. Some of those who testified said the practice had been in effect sometime prior to that. I think the practice has increased with the depression, since the demand for cheaper foods has grown on the part of the public.

Mr. McKELLAR. Has the Senator any evidence that this dog food is used for human consumption?

Mr. DICKINSON. I merely have the evidence of the experts who testified at the code hearing.

Mr. McKELLAR. What did they testify?

Mr. DICKINSON. They testified that 20 percent of all the sales was used for human consumption, and the officials of the Department of Agriculture have said that there was knowledge on their part that there was such use.

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

Mr. DICKINSON. I yield.

Mr. COPELAND. I have not had the benefit of the early part of the Senator's remarks, but one reason behind the attempt to pass a pure food and drug bill through the Congress is the desire to do away with the possibility of many abuses such as that suggested. We passed a bill in the Senate looking to that end, and it is now before the committee of the House.

A great many things are going on in the sale of foods and drugs which ought not to be permitted. Of course, it is most distasteful to think that people are selling for human consumption food prepared for dogs, although I can conceive that many human beings are getting food these days which would not be good for dogs. If there is such a

practice as that suggested by the Senator, it is because of the failure of the enactment of legislation to give protection to the American human family.

Mr. DICKINSON. It seems to me we could remedy this situation by simply expanding the authority of the Meat Inspection Act to cover not only human foods but making it broad enough to take in many things which might be used for human food. In other words, I think the definition must be broadened, in view of the interpretation of the Department attorneys that they do not have the right of inspection. They have been inspecting the products in the plants I have named. I think the law ought to be extended so that the inspection would cover every plant where there is a possibility that the products may reach human beings for consumption.

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

Mr. DICKINSON. I yield.

Mr. BONE. I did not hear the first part of the Senator's remarks, but I have tried to get the drift of his address. Do I understand that dog food is being put on the market and is being consumed by human beings?

Mr. DICKINSON. That is a fact, as I understand.

Mr. BONE. I was impelled to inquire of the Senator because I wondered whether the product was marked "dog food."

Mr. DICKINSON. It is; but it is marked "Inspected by the United States Department of Agriculture", when as a matter of fact much of it is not inspected. It is a fraud, and I think the Senator from New York is right; I think the matter should be covered by the food and drugs law.

Mr. BONE. The point of the Senator's remarks was that the product should be properly labeled?

Mr. DICKINSON. Properly labeled and properly inspected.

Mr. BONE. Of course, there would be no way legally to prevent people buying the food and consuming it themselves if they wanted to do it.

Mr. McKELLAR. Mr. President, is the Senator from Iowa charging that the Department of Agriculture is permitting these labels to be put on dog food when it has not been inspected?

Mr. DICKINSON. Oh, not at all. There are some concerns which are putting on the United States inspection label when there has not been an inspection. That is a fraud.

Mr. McKELLAR. Does the Senator mean to say that the Department of Agriculture is responsible for that?

Mr. DICKINSON. No.

Mr. McKELLAR. Do they know about it?

Mr. DICKINSON. I think the trouble is the lack of proper law. I do not know that the Department of Agriculture can really inspect any dog food.

Mr. McKELLAR. Surely there is no law which permits dog food to be advertised as having been inspected when it has not been inspected.

Mr. DICKINSON. There is no law permitting that. The idea I wish to convey is that these labels are written so as to advertise the wholesomeness of the food, when as a matter of fact it is not inspected and it is not wholesome, as the testimony shows.

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

Mr. DICKINSON. I yield.

Mr. COPELAND. It is a pathetic fact that today there are on the market many products which are improperly used by the human family. There is a famous mange cure, for example. I am not an authority on mange, but the particular remedy, which is supposed to be good for mange in beasts, is being sold to people as a cure for tuberculosis, a perfectly outrageous and fraudulent affair.

Further, the Department of Agriculture has discovered that 20 percent of the drugs on the shelves of the drug stores of the United States are below standard. A physician exercising his skill and training, may write a prescription and send it to the drug store, and the druggist, who is a trained man but who has to depend upon the manufacturer for his stock of drugs, will fill the prescription with a product which is inferior, which is not at all what was prescribed.

The question is, How can such things happen? They are all along the same line as that suggested by the Senator from Iowa. The truth is that a niggardly Congress, failing to appropriate sufficient money to provide inspectors to go out and uncover these conditions in the markets, is responsible for these evils.

There was the "ginger jake" epidemic. Thousands of people in the Southwest were permanently paralyzed by reason of this product getting into commerce.

There must be better inspection. In the last agricultural appropriation bill as it passed the Senate the amount of money for inspection was increased by $250,000. The Budget Bureau had recommended $500,000, but the House cut the amount to $250,000, and the Senate added $250,000 in order that there may be officials of the Government to go out and discover such transgressions of the law as those mentioned by the Senator from Iowa and make corrections.

It is not the fault of any one official; it is the fault of the United States Congress in failing to appropriate money. It is not any political party's fault, because it is a fault which has existed through all administrations since I have known anything about foods and drugs.

Mr. DICKINSON. Mr. President, in order to present a graphic recital of the conditions, I shall quote from a letter written by Dr. D. M. Campbell, editor of Veterinary Medicine. He said:

> I am intimately acquainted with the canned dog-food industry and have known it for years. At present it is in a deplorable condition due to unconscionable practices of racketeers who infest it in large numbers. Its products are to a large extent filthy, unwholesome, innutritious, unfit for a dog to eat or for its owner to take into his home. Sales are made through fraud and deception in labeling and advertising. I, and most other veterinarians, maintain that unwholesome canned dog food is responsible for a vast amount of illness and mortality among dogs and cheats dog owners out of millions of dollars annually. The protection of honest dog-food manufacturers no less than of the public demands official regulation of this industry. Such regulation has already been delayed much too long. The industry, as a result of abuses, is in a chaotic state. It is unprofitable to those engaged in it and a calamity to the dog-owning public. Proper regulation will benefit every worthy manufacturer, give the public something of value for its money and eliminate incalculable cruelty to man's best friend, the dog.

This is suggestive of a favorite story they tell around the stockyards. A manufacturer, so the story goes, claimed that he was packing a 50–50 product of horse meat and rabbit. When asked what he meant by "50-50", he explained that he ground up one horse and one rabbit. That is a pretty good ratio of inspected meat in some of this dog food.

Now let us see what the record reveals in respect to the human consumption and the ingredients of dog food.

At the hearing on the canned dog-food industry before the National Industrial Recovery Administration, held February 5, 1935, Mr. Charles Wesley Dunn, executive secretary of the code authority of the dog industries (p. 53), said:

> When I first came to this position as investigating the dog-food business, one of the first things I learned was that this phrase "Fit for human consumption" was actually working out to induce, according to the reports I received, the consumption of dog food in different parts of the country by human beings, and I was informed that some of the dog food which was being so consumed was not fit for human consumption.

Mr. C. J. Rich, Rich Products Corporation, Rockford, Ill., on page 82, said:

> I believe the Government Department of Agriculture has evidence that a great deal of canned dog food is being used for human consumption. From our own experience we are sure that canned dog food is being used for human consumption.

Mr. P. M. Chappel, Chappel Bros., Inc., Rockford, Ill., on page 164, said:

> I think that the Department of Agriculture has some figures on this. I do not know if those gentlemen have been familiar with this or not, but there have been some tests made of districts, and I was notified that in one alley there were 68 cans and there was not a dog in the block.
>
> I wanted to check up on some of them and I made some tests of our own in Chicago, and I was quite astonished at the number of people that were eating dog food.

Mr. Rich, on page 85 of the record, said:

Another example: Throughout the eastern part of the country people, and especially the housewife, do not generally know what "tankage" is. For instance, when calling on a certain jobber in the New York territory, I saw a competitive dog-food salesman eating the uninspected products he was selling; and he claimed—I heard him say it—that it was good enough to eat because the meat content was a high-grade "tankage." That is not a second-hand tale. I was there when he did that, when he was eating it. I told the fellow after the man had left—he didn't know who I was—"You had better tell that fellow what tankage is." And he said, "What is it?" I said, "It is sewage; it is packing-house garbage. If it is good sewage or poor sewage, that is what that fellow was eating."

As to Government neglect in this emergency, let the executive code officer, Mr. Dunn, speak to you from the record. Mr. Dunn said:

As the situation now stands, dog food is subject to composition and label control under both the Food and Drugs Act and this code; and some of such food is also subject to similar control under the Federal Meat Inspection Act. Moreover, its label is further subject to control under the Trade Commission Act.

The fact of the case is that the Food and Drugs Act has complete jurisdiction over dog food in interstate commerce, and the only reason that the administration is not paying attention to dog food, or has not in the past, is that they have something more important to do in dealing with human food.

"Something more important to do"! What could be more important than safeguarding the Nation's health? In that lame apology we have the full measure of the shortcomings of Mr. Roosevelt and his butterfly-chasing mentors. While they aimlessly flutter hither and yon seeking a new civilization that can exist only in their own visionary minds, they completely overlook the very real remedies provided by an older and wiser civilization. That is the reason this Nation has lagged behind other nations in recovery.

The administration cannot deny responsibility. As shown by the record, for more than a year—since February 1935—they have known that this shocking condition has existed. If, for any reason, they did not agree with Mr. Dunn as to their authority to act under existing statutes, they need only to have asked this Congress for additional legislation, and it would have been granted. But they did nothing. They continued to permit the uninformed victims of their planned scarcity to eat food that was literally unfit even for dogs.

Gentlemen of the New Deal, while you are indulging your dream of Utopia, please, out of the billions of our money you are so recklessly spending, spare us the paltry few pennies needed to enforce the pure-food laws so we may know that third-class food is clean food.

EXTENSION OF VOCATIONAL EDUCATION

Mr. GEORGE. Mr. President, with the consent of the senior Senator from Utah [Mr. KING], ranking member of the Committee on Immigration, in charge of the pending measure now before the Senate, I ask unanimous consent that the unfinished business, being Senate bill 2969, be temporarily laid aside, and that the Senate proceed to the consideration of Senate bill 2883, the vocational education bill, which is Calendar No. 1590.

Mr. KING. Mr. President, I have no objection to that course. I assume that under that request the unfinished business will again come before the Senate and be taken up as soon as the vocational education bill is out of the way.

Mr. McNARY. I did not distinctly hear the request of the Senator from Georgia.

Mr. GEORGE. I requested that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Senate bill 2883, the vocational education bill, being Calendar No. 1590.

Mr. McNARY. I have no objection, provided the bill does not in any way interfere with the special order for 2 o'clock today.

Mr. GEORGE. It will not do so. Of course I shall ask that the bill be laid aside temporarily, if necessary, to take up the special order.

Mr. McNARY. The Senator will make that request, and upon completion of the special order for 2 o'clock the unfinished business will come back before the Senate?

Mr. GEORGE. The Senator is correct.

Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Senate bill 2883.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2883) to provide for the further development of vocational education in the several States and Territories, which had been reported from the Committee on Agriculture and Forestry with amendments.

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

Mr. McNARY. Mr. President, I am not in disagreement with that request. However, the bill is an impcrtant one, modeled after the one bearing the Senator's name in part. I think a statement by the Senator of the purposes of the bill would be rather helpful at this time.

Mr. GEORGE. Mr. President, I shall be pleased to make an explanation of the bill. I do not believe I can do so before the hour of 2 o'clock, when the special order is to come up.

Mr. McNARY. Then, if the Senator will yield to me, I shall suggest the absence of a quorum.

Mr. GEORGE. I yield.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

The PRESIDING OFFICER. Eighty Senators having answered to their names, a quorum is present.

REGISTRATION OF LOBBYISTS

Mr. BLACK. Mr. President, I ask to have inserted in the RECORD a letter from the American Farm Bureau Federation. It is only a little over a page in length, and I therefore ask that the clerk may be permitted to read it from the desk.

There being no objection, the letter was read by the Chief Clerk, as follows:

WASHINGTON, D. C., *April 1, 1936.*

Senator HUGO L. BLACK,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BLACK: The so-called lobby-registration bill has now passed the House in a form which is too greatly modified and is back before the Senate, and will, one may assume, be considered by the proper committee. Since this question has been before Congress in one form or another for 10 years, it would not appear to be necessary to have more hearings on the measure; however, if hearings are to be held, the American Farm Bureau Federation will desire to be heard in favor of a more inclusive bill than the House measure.

Any organization which is not ashamed of its program, its resources, its personnel, and its methods of activity should not ask to be excluded from registration before proper House and Senate officials. Whether the financial resources of an organization are great or small, and whether these resources come from a few individuals in large amounts or from a multitude of individuals in small amounts, the facts relative to financial resources should be made known, not only for Members of Congress but for the public at large.

In fact, there should be no exemption on the part of any organization which works at Washington, whether or not it maintains regular offices here, in regard to registration. There should be no loophole in the language of the measure, so that certain organizations might not be compelled to register if their activities were not principally those which are usually characterized as lobbying. Furthermore, lobbying, whether or not defined specifically in the

measure, should be the general context of the bill, but understood to include not only legislative work on Capitol Hill in seeking to promote or defeat bills pending, but should include also activities among the departments of Government and independent offices thereof.

The legislative above described has been supported by the American Farm Bureau Federation for several years. The type of registration sought to be required will not stop lobbying. Its definite tendency, however, will be to place lobbying on a higher plane by bringing lobbying and those who usually classify as lobbyists out in the open. All this will be good, not only for great citizenship organizations, one of which the American Farm Bureau Federation happens to be, but will also be beneficial in securing legislation which has been more thoughtfully considered by all concerned. This type of registration proposed for lobbying groups and for lobbyists employed thereby, whether or not such lobbyists are definitely stationed in Washington or come here upon call or voluntarily, will also serve the very useful purpose of protecting Members of Congress and other Government officials from pressure, the hidden sources of which sometimes prove deeply frightful.

It will be along the above outline of objectives that the American Farm Bureau Federation will testify if any further public hearings are desired to be held on this proposition.

Very respectfully,

AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY,
Washington Representative.

BENEFIT PAYMENTS UNDER AGRICULTURAL ADJUSTMENT ACT

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, in pursuance of the unanimous-consent agreement the Chair lays before the Senate Senate Resolution 265, which will be read.

The Chief Clerk read the resolution (S. Res. 265) submitted by Mr. VANDENBERG on March 23, 1936, and reported from the Committee on Agriculture and Forestry with amendments, on page 1, line 2, after the word "Senate", to strike out "forthwith the name and address and the amount paid to each producer, receiving $10,000 in each calendar year" and insert "as soon as practicable the name, county, and State (including Puerto Rico and Hawaii), and the amount paid to each producer, in the sum of $10,000 or more, for each contract year, together with commodity, acreage, or number of livestock involved for which payment was made"; and in line 10, after the word "amended", to insert the following proviso: "*Provided,* That the total amount paid for each basic commodity, for each State or Territory or possession, be given for each contract year and the total number receiving such payments", so as to make the resolution read:

Resolved, That the Secretary of Agriculture be, and he is hereby, directed to furnish to the Senate as soon as practicable the name, county, and State (including Puerto Rico and Hawaii), and the amount paid to each producer, in the sum of $10,000 or more, for each contract year, together with commodity, acreage, or number of livestock involved for which payment was made, pursuant to the Agricultural Adjustment Act, as amended: *Provided,* That the total amount paid for each basic commodity for each State or Territory or possession be given for each contract year and the total number receiving such payments.

Mr. BARKLEY. Mr. President, I send to the desk an amendment which I propose to offer to the pending resolution and ask that it be read for the information of the Senate.

The PRESIDING OFFICER. The clerk will read the amendment intended to be proposed by the Senator from Kentucky.

The CHIEF CLERK. At the end of the resolution it is proposed to add the following:

Provided, That the United States Tariff Commission shall, and is hereby directed to, report to the Senate within 60 days the names and addresses of manufacturing corporations in the United States having statutory net incomes in 1934 of $1,000,000 or more producing commodities protected by the tariff, the rates of duty on principal commodities produced by each, and the 1934 selling prices derived from general sources of such commodities: *And provided further,* That the Commission shall and is hereby directed to supplement this report as soon as the information can be compiled, but with the time for compilation not limited to 60 days, similar information as to corporations, commodities, rates, and prices for the year 1935, together with the Commission's estimates of the following: (1) The effect of the tariff on selling prices of such commodities; (2) the effect of the tariff on the statutory net incomes of these corporations; (3) the effect of such rates of duty on consumer expenditures for such commodities as compared with revenue derived by the United States Treasury therefrom.

Mr. ROBINSON. Mr. President, the resolution now before the Senate has been pending for several days. The able Senator from Michigan [Mr. VANDENBERG] has been anxious to have it considered. It has not been taken up earlier for the reason that information reached me that several Senators desired to discuss the resolution. What I shall have to say in connection with the subject matter now before the Senate will be brief.

Everyone familiar with the history and the terms of the resolution recognizes that the promptings behind it are partisan political considerations. Evidently some have thought—not only some in the Senate, but others who have written upon the subject—that some great political advantage was to be derived by the opponents of the administration now in power by publishing the names of the beneficiaries of the large payments made under the Agricultural Adjustment Act. Let it be understood in the beginning, Mr. President, that the Agricultural Adjustment Act was primarily for the purpose of regulating or controlling the production of staple or basic commodities of which there were alleged to exist large surpluses at the time of the passage of the act; and everyone must have known also that in order to make the regulation effective, it would be necessary to extend the operation of the act to large producers as well as to small producers.

Under the Agricultural Adjustment Act, more than six and a half million payments of benefits to landowners and tenants have been made, and of this number most of them have been relatively small payments. The plan of the act could not have been effective if the greatest producers had been excluded from its operations and the benefits paid only to small producers. So there is nothing surprising, nothing amazing, to any intelligent person, even though he be a Senator [laughter], that large payments were made in the course of the administration of the act.

The Senator from Michigan may boast a measure of consistency which other Senators on the other side of the Chamber are not in a position to claim. For instance, the great keynoter for the next Republican convention, if one is to be held this year [laughter], voted for the Agricultural Adjustment Act, but the Senator from Michigan voted against it. I find, however, upon examination of the record, that the Senator from Michigan was more inconsistent than were the Senator from Oregon [Mr. STEIWER] and myself when we voted for the Agricultural Adjustment Act, because, while the Senator from Michigan voted against the measure that permitted millions of small payments to be made and at the same time authorized a comparatively small number of large payments, he voted for the one act connected with this program that he must have known contemplated only large payments. When the Senator from Michigan voted for the Jones-Costigan Act, the sugar-control act, he supported a measure that he well understood at the time contemplated benefit payments to the large sugar growers. Since most of the sugar growers, when compared with the producers of cotton, wheat, tobacco, rice, and other so-called basic commodities, cultivate large areas they therefore would be entitled to receive large benefits. Nearly all the really big payments were made to the sugar growers, and the Senator from Michigan voted for that act, notwithstanding the fact that he must have known that the successful administration of the law would require large payments to be made. For instance, in Hawaii the sugar production is limited to large corporations. If attempt had been made to exclude them from the operations of the law there could have been only ineffectual regulation of production.

The Senator has become a great champion of publicity. He and I have usually taken similar views on that subject. We have not sought to arouse antagonism by giving publicity to records which might very well have been withheld. In 1932 the Senator from Nebraska [Mr. NORRIS] submitted a resolution in the Senate requiring the publication of the names of all borrowers from the Reconstruction Finance Corporation. Under the operations of the law those charged with its administration found it necessary to make very large loans, enormous loans, to a considerable number of corpora-

tions. Loans ranging in the neighborhood of $50,000,000 to $100,000,000 were made to banks, railroads, and other corporations.

When it was sought to publish the names of the borrowers the Senator from Michigan made a very eloquent appeal to the Senate not to adopt the Norris resolution, which had that end in view. Those Senators who hear him now as the emboldened champion of publicity for political purposes will be amazed to recall what he said when no Presidential campaign was in prospect for him and when only a senatorial campaign in Michigan was in the offing. I quote from the CONGRESSIONAL RECORD, where the Senator from Michigan said:

On the other hand, Mr. President, I am bound to say that I profoundly disagree with the analysis of the Senator from Nebraska respecting the advisability of pursuing the thing still further and pursuing it, as I see it, unnecessarily, after we have established this point of contact between the Senate and the Corporation. I disagree that wholesale publicity for these fiduciary relationships would be useful. On the contrary, I feel that elementary prudence requires that their confidential character be respected. We can make all necessary inquiry in behalf of the public welfare through the agency of this proposed committee. I favor it. But we defeat this same public welfare if we make these fiduciary relationships a matter of common advertising and gossip, and thus too often a matter of illegitimate popular speculation and of unwarranted hysterical suspicion. We would tear down the very edifice which we have sought to erect.

That was part of the speech which the able Senator from Michigan made in this body on the 11th of July 1932. He thought it would be distinctly harmful to publish the names of the borrowers from the Reconstruction Finance Corporation and the amounts which they had secured in the way of loans from that organization. He characterized it as "tending to promote gossip and speculation." He expressed a very "virtuous" indignation against the policy of giving publicity at that time. He referred to the fact that fiduciary relationships existed between the Government and the borrowers. There was under discussion a very large loan which it was well known had been made to a single bank. There was under discussion at different times during the debate other large loans which had been made by the Reconstruction Finance Corporation. The Senator from Michigan took the position then, and I agreed with him, that it was neither necessary nor advantageous to give the publicity which was sought in the resolution of the Senator from Nebraska.

At another time there was what was known in the Senate as the "pink slip" amendment. I believe the original amendment was offered by the able Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. Mr. President, will the Senator permit me to correct him in that regard?

Mr. ROBINSON. Certainly.

Mr. LA FOLLETTE. The amendment which I offered and which was adopted by the Senate provided for making income-tax returns public records. The so-called "pink slip" provision was reported by the conference committee as a compromise between the position which the Senate took and the position taken by the conferees on the part of the House.

Mr. ROBINSON. I was about to say, when the Senator anticipated me, that the Senator from Wisconsin introduced in this body an amendment authorizing publicity with respect to income-tax returns. Again I agreed with the Senator from Michigan. We supported that modification of the provision which came to be known as the "pink slip" amendment. The Senator from Michigan was again eloquent in opposing publicity. He thought it would be harmful, not advantageous, but there was no Presidential campaign in prospect for him then. There was just an ordinary congressional campaign in the offing. The Senator spoke very eloquently against the amendment providing for publicity of income-tax returns. He opposed the Agricultural Adjustment Act which for the most part provided for small payments to the beneficiaries, but he supported the Jones-Costigan Act, which contemplated enormous payments to its beneficiaries.

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

Mr. ROBINSON. Certainly.

Mr. BARKLEY. The Senator remarked a moment ago that at the time of the controversy over the publication of loans made by the Reconstruction Finance Corporation, there was a Presidential election in the offing. In July 1932, of course, there was a Presidential election in the offing, but I suppose the Senator from Arkansas meant that the Senator from Michigan was not in the offing at that time. [Laughter.]

Mr. ROBINSON. That is what was meant, and I thank the Senator for the correction.

Mr. President, I do not criticize the Senator from Michigan for changing his attitude on these subjects. He has a perfect right to do so; but it would be interesting to know the processes by which he has come to occupy an entirely different position from that which he assumed or occupied in 1932.

The statement which I read, in which the Senator opposed publicity with reference to loans of the Reconstruction Finance Corporation, epitomized very ably the argument of those who did not think any public advantage was to be gained by advertising the names of persons who had secured financial assistance through a Government agency.

I ask, now, what is the advantage, other than a political advantage, that the Senator can seek by advertising the names of the beneficiaries of these payments under the administration of the Agricultural Adjustment Act?

To illustrate what some outside of the Senate think of it, I refer to a recent speech made by that great radio speaker to whom all delight to listen, Mr. Boake Carter. A few nights ago I had the pleasure of hearing him when he took for his principal subject the resolution of the able Senator from Michigan, which is now under consideration by the Senate, and he said:

Well, Senator VANDENBERG is still fishing for answers to his query: How many people have received $10,000 a year or more from Triple A in benefit checks? So he prodded Secretary of Agriculture Wallace anew this afternoon in Washington by saying that first the Secretary had said $29,000 was the highest check paid out, but later had corrected himself and admitted that $78,000 topped the list. But, insofar as total payments go, it is said now that a Hawaiian sugar company pulled down nearly a million—

And so forth.

Reference is then made to the payment to a cotton company in the State of Arkansas.

Continuing the quotation from Mr. Carter:

All of which is causing much puffing and snorts of indignation among Republican high commanders.

Senator VANDENBERG is included. Well, if the snorts of indignation are because of an outraged sense of righteousness, then perhaps the snorters are indulging in a little public hypocrisy. They are snorting at nothing less than a tariff, and a tariff is a pet G. O. P. baby. The Triple A has been building up a domestic tariff for the farm group and the cotton group and the sugar group and all the rest of them, and surely it's been swatting the consumers and paying out to the farmer group to be sure.

The total benefits paid by the Triple A are said to be in the neighborhood of a billion dollars to date, and that covers the 2-year life of the Triple A. And take the manufacturers' tariff which has been in effect for a little over a century, and which reached a climax in the Smoot-Hawley business; and the millions paid out by consumers into the pockets of manufacturers, when totaled up, would make the Triple A benefits to agriculture look like a pink-tea party in comparison.

And if a sugar grower walked off with more than a million of Triple A checks, then go back to the Smoot-Hawley Act, which boosted the sugar rates up 2 cents a pound in 1930. This made sugar more expensive to the American housewife to the tune of more than a hundred million dollars a year. The Government got half of that, and the producers got the other half. Nineteen hundred and thirty—sixty million a year—5 years—three hundred millions. Surely it looks as if Senator VANDENBERG is indulging in a little of what that good old political stuff of his once called the pot calling the kettle black. * * * It doesn't necessarily follow at all that when the Triple A pays out pretty handsome benefit checks, it's doing right; but the point is that when the G. O. P. high command shoots holes through the administration's A. A. A. for paying out such checks, then the high command is forgetting that it started the whole protective tariff principle years and years ago.

The farmer eventually shouted that if his manufacturing brother was going to get a subsidy through tariff protection, then he, too—the farmer—ought to get something like that. The A. A. A. catered to the farmers, and there are big farmers as well

as little ones; and to big farmers somewhat naturally, it would seem, would go the big checks, because the acreage they cover is bigger in proportion than his little neighbor.

So long as the manufacturer is protected by his tariff, so long will the farmer demand that he get some sort of like protection to equalize his income. In a word, then, all the farmers have been doing is wearing the tariff hat, and the G. O. P. does not like it. Unfortunately though, for the G. O. P., it is vulnerable on this point—although you tread on one of its tenderest corns when you tell them that it is. The Senator from Michigan would sound perhaps a wee bit more convincing if each time he cracked down on the tariff-promoting A. A. A. he also issued a comparative set of figures showing how much similar benefits the G. O. P. has paid out in tariff during the last 100 years. Then he would not be open to the come-back that most of his pecking at the A. A. A. was political.

That is the statement of an eminent citizen of this country, a publicity man who speaks to us frequently over the radio. He has not any particular appreciation for the A. A. A., but he has severe criticism for those who vote against the A. A. A. on the ground that it will give the farmers some of the benefits of a tariff, and who at the same time vote for a high protective tariff.

Mr. President, I respectfully submit that this "political issue" will not avail the opponents of this administration. When the Agricultural Adjustment Act was passed, there was a condition relating to agriculture in this country that is difficult to describe. The returns which farmers then received for their products were disproportionately small compared with the prices paid for manufactured products. Since the close of the World War, every administration that has come into power has sought to devise some practical way to put the farmer on a plane of equality with the manufacturer. Every effort that has been made failed until the Agricultural Adjustment Act was passed. You may say what you please about it, you may criticize it if you will, but it did accomplish its primary purpose. It did raise and maintain at a fair standard the prices of staple agricultural products. It did give to the farmers of the Nation, who were then impoverished beyond my power to describe, some measure of benefits which tended to put them on a plane of equality with others to whom they had been contributing in the form of excessive tariffs paid throughout a hundred years.

I also suggest that one who voted for the sugar program, under which only large payments can be made, cannot very effectively criticize another who voted for the act under which millions of small payments have been made, as well as a few large payments.

The Senator from Kentucky [Mr. BARKLEY] has indicated his purpose to offer an amendment which, while you are embarrassing the farmers of the country and seeking to embarrass the administration by making public that which the Senator from Michigan in 1932 said ought not to be made public, will also give publicity to the benefits paid to those who are engaged in other spheres of industry.

Mr. VANDENBERG obtained the floor.

Mr. CONNALLY. Mr. President, will the Senator yield for a moment? I desire to offer an amendment to his resolution. I do not wish to discuss the amendment.

Mr. VANDENBERG. There are several amendments pending. However, I am very happy to yield to the Senator.

Mr. CONNALLY. The Senator has such an attractive resolution that we all wish to be associated with it.

Mr. VANDENBERG. Yes; and if it is to be an omnibus resolution, I assure the Senator that there are numerous additional amendments to be offered on this side of the aisle.

The PRESIDING OFFICER (Mr. NEELY in the chair). The amendment offered by the Senator from Texas will be read for the information of the Senate.

The CHIEF CLERK. On page 1, after line 13, it is proposed to insert:

Resolved further, That the United States Tariff Commission be, and it is hereby, directed to furnish the Senate forthwith the names and addresses and the gross volume of sales of the three corporations or factories (naming them separately for each article or group listed below) which did the largest gross business during the calendar year 1934 in the production and manufacturing of the following tariff-protective articles and commodities: (1) Aluminum; (2) steel and iron; (3) photo cameras and films; (4) chemicals and dyes; (5) electric appliances and equipment; (6) cellophane and rayon; (7) plate glass; (8) cast-iron pipe and fittings; (9) articles or wares manufactured of tin.

Such Commission is also requested to furnish the tariff rates or schedules then in effect as to each of such listed commodities or articles.

Such Commission is also requested to furnish the total amount in dollars of benefits or protection each of such corporations received during such year, assuming that the tariff was fully effective. Such Commission is also requested (if it would not delay the filing of such report) to give its estimate as to the percentage of effectiveness of such tariff rates for such year as to each of such articles or commodities.

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

Mr. VANDENBERG. I yield.

Mr. BONE. I should like to tender an amendment to the pending resolution, and I ask that it be read by the clerk.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

Provided further, That on the basis of the data submitted, the Senate Committee on Agriculture and Forestry shall report to the Senate the degree to which land ownership had by 1933 become concentrated in large corporate holdings, with such recommendations as the committee may see fit to make to Congress.

Mr. VANDENBERG. Mr. President, I greatly enjoyed the performance of the able Senator from Arkansas [Mr. ROBINSON], as I am sure he did. But it is a very curious circumstance to me, as it has been for the last 6 weeks, that every time I have undertaken to ask for simple information regarding the Triple A benefit payment checks someone has wanted to change the subject. The administration's spokesmen immediately want to talk about something else.

In the first instance, the Secretary of Agriculture spent a week providing himself with one excuse after another as to why this information should not be made public. His consternation was little short of pathetic. Finally he came to the conclusion, apparently, in an eleventh-hour repentance, that it would be better if the information were made public; and I commend him for the position which he now occupies in that respect, inasmuch as he now joins me in asking that the resolution shall be agreed to. After better than a month of shadow-boxing, the administration spokesman in the Senate also has finally come to a similar healthy conclusion. But apparently we must first have an afternoon of diverting debate.

Mr. President, the able Senator from Arkansas indicates that there is nothing but a political purpose motivating this inquiry. He constantly refers to the inquiry as being "criticism." Yet, if he will search the RECORD, he will discover that I have been exceedingly careful not to prejudge the case in any aspect. I have merely asked for information regarding the public business. I have merely asked for information regarding the payment of $1,000,000,000 out of the Treasury of the United States on the ipse dixit of one nonelected public official, who spent it where he pleased, when he pleased, how he pleased, and as he pleased. I have merely asked for information, and apparently the mere quest for information has been interpreted as criticism. Evidently the information is expected to carry dynamite, I can only conclude that these eminent gentlemen anticipate what will be the result if the information is furnished. They would apparently fear that the information will itself stir the criticism which they hasten in advance to condemn.

My able friend from Arkansas says that my motive in respect to the inquiry is political. I doubt if any of us could search our hearts this year and find them free from some degree of political interest, and I include the very able Senator from Arkansas, who will preside with great efficiency over the coming Democratic National Convention, ably preceded by the author of one of the amendments to the resolution, who will preside as temporary chairman over the same convention. I suspect they probably have about the same element and measure of politics—if not more—in their contemplations as they charge to me. Politics is not a closed book to my friends across the aisle, as I presume they will

continue to demonstrate during the remainder of the afternoon.

But I should like to submit, Mr. President, that there is a phase of this matter which does transcend partisan politics. I wish to submit that the meager information which the Senate has obtained and which the country has obtained as a result of the utterly inadequate disclosures thus far made since my resolution was submitted in the Senate proves the importance, as a matter of sound public policy, and without relationship either to Republicanism or Democracy, of having this information available for serious congressional study. The truth is dangerous only to those who shun it.

Let me tell the Senate precisely what I mean. If and when we resume benefit payments to agriculture in any form whatsoever, should we not sharply concentrate the benefits upon the average, small, individual farmer, speaking loosely, upon the family farm, and progressively decrease the rate of benefits for the large farm and the corporation farm? Is not the application of the principle of graduated-income taxation in reverse necessarily applicable if we are to confine the general principle of farm relief within legitimate and rational boundaries? Is it not a fact that the cumulative effect of prorating benefits paid to the big corporation farmer gives the latter a far greater relative benefit than is enjoyed by the smaller, individual, family farmer? Surely it is not politics to probe this calculation.

Indeed, if it be politics to get these facts about million-dollar subsidies, I can only say to the Secretary, and I can only say to my able friend from Arkansas, make the most of it. I think it is essential, I think it is utterly important to any rational development and expansion of a sound farm program that precisely the information which we already have bearing upon this subject of corporation farming should be definitely and specifically available, and I emphatically welcome the amendment which has been offered by my able friend the Senator from Washington, and I hope it will be added to the resolution, because it bears specifically upon this farm-ownership problem.

The whole country, and every farmer in it wants to know about a subsidy system which pays, for example, $219,825 in 2 years—and pays it in secret—to one corporation for not raising hogs on 445 California acres. They want to know about $168,000 paid in joint benefits to one cotton corporation for abandoning 7,000 acres. They want to know about wheat checks totaling $78,638 to one beneficiary in 2 years. They want to know about enormous sugar checks. It is utterly pertinent to an adequate study of this whole problem for the future. The country wants all this related information, and it would be absurd to deny it.

Mr. President, there are a few other things which we have already learned as a result of the disclosure that has been made in a preliminary fashion since the resolution was offered, and I again submit that they do not fall under the indictment of a mere political purpose. Without questioning the honesty of anyone, a thing which I flatly renounce, are we not put upon inquiry, as a result of the meager information already available, whether it is sound public policy to leave any share of the responsibility for the granting of the payment of these subsidies in the hands of Government officers who are themselves large beneficiaries of these subsidies being granted and paid? Can there be any two opinions upon this proposition? Does it not involve a conflict of interest which the prudent administration of public affairs cannot tolerate? If it be politics to ask this question, is it not essential politics in the most useful sense of that word?

I do not believe any attempt will be made to defend the mingling of functions which we already see occurring in respect to the receipt of large benefit payments with the left hand from a right hand dealing them out in an official capacity in relationship to the responsibility of administering the benefit-payment law.

Mr. President, at this point I ask to have inserted in the RECORD Mr. Stanley Chipman's discussion of this particular phase of the problem, which appeared in the Providence Journal on April 5.

The PRESIDING OFFICER. Is there objection?

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

[From the Providence (R. I.) Journal of Apr. 5, 1936]

BRITISH-OWNED FIRM IN MISSISSIPPI GETS HUGE A. A. A. PAYMENTS—CONCERN HEADED BY ASSOCIATE OF WALLACE—OPERATES LARGE COTTON PLANTATION—SENATE COMMITTEE TO URGE PUBLICITY FOR THOSE RECEIVING BENEFITS

By Stanley Chipman

WASHINGTON, April 4.—A $5,000,000 cotton-growing enterprise in Mississippi, British-controlled according to Dun & Bradstreet, and headed by a $42,000-a-year president, who is also one of the ranking officials in A. A. A., has been an outstanding beneficiary of Federal subsidies in the form of rental and benefit payments, the Providence Journal learned today.

The Senate Committee on Agriculture agreed this afternoon to report, with recommendation for passage, a resolution ordering Secretary of Agriculture Wallace to identify for the Senate all farmers who received more than $1,000 in such payments. The measure's sponsor, VANDENBERG, of Michigan, had asked for a report on all payments in excess of $10,000. On the floor he has asserted that some participants in the crop-control program have received more than $200,000.

The British-controlled firm is the Delta & Pine Land Co., of Scott, Miss. It owns 50,000 acres and operates one of the largest cotton plantations in the country, if not the largest.

According to Dun & Bradstreet, it is controlled by the Fine Spinners and Doublers Association of Manchester, England. Fixed assets of the Mississippi enterprise are set at $5,290,000 and current liabilities at $2,600. Current assets amount to $276,000; outstanding bonds total $5,000,000.

Its president is Oscar G. Johnston, prominently associated with Secretary Wallace and Administrator Davis in the A. A. A.

The Delta Pine & Land Co. has participated extensively in the A. A. A. program. The Department of Agriculture has refused to disclose how much money was given the company in subsidies, but it is known to be a huge amount. Reliable information is that the company is the fourth largest beneficiary of A. A. A. funds.

Its acreage is in the Delta area of the Mississippi, where the rich soil produces long-staple cotton, used in the finest of cotton textiles. A. A. A. records show that the average per acre benefit for the country was $8.60, but that in the Mississippi Delta the average was $10.60. Past productivity of the land was a major factor in A. A. A.'s determination of payments. In some cases, notably in the Mississippi Delta, the per-acre payments were much higher than $10.60.

Secretary Wallace has refused firmly to disclose the total amounts paid out to big participants in his crop-control program. At least two Senators have formally asked for this information specifically with regard to the Delta Pine & Land Co., but without success.

Mr. Johnston, who is regarded as one of the most able cotton growers in the South, manages the cotton producers' pool from A. A. A. headquarters, where he is paid on a per-diem basis. He is also a director and first vice president of the Commodity Credit Corporation, created by an Executive order of President Roosevelt to deal in agricultural commodities and to lend or borrow money upon them. It is essentially a lending institution and may make loans directly to producers or through banks.

Vested with official powers which enable him to exercise vast influence over cotton growing and merchandising of raw cotton, Johnston's remuneration from the Government is understood to be far less than he receives as president of the British-controlled company.

Treasury tax records, which were sent to the present Congress in compliance with recently enacted law, show that for the 1934 period the company paid him a salary of $27,000 and a bonus af $15,055.29, giving him a total of $42,055.29.

The Delta & Pine Land Co. as such does not retain all moneys distributed by A. A. A. in subsidies for cotton acreage voluntarily taken out of production on its property; its sharecroppers or tenant farmers have received a percentage. According to A. A. A. officials here, the tenant growers' last share amounted to about 18 percent.

Mr. Johnston's integrity as a Government official never has been questioned. Attention has been attracted to his dual capacities, however, in view of charges on the Senate floor that big interests have been the principal gainers from A. A. A. funds.

The question also may be raised whether the financial interests held in the Delta & Pine Land Co. by the English textile firm has not aided it to compete with American textile manufacturers. Inasmuch as the English company is reported to be the principal bondholder in the Mississippi enterprise, it is assumed that it enjoyed interest payments through revenue derived in substantial measure from United States Government subsidies. It is recognized in that connection that such subsidies were largely financed by processing taxes levied on American processors. Domestic cotton textile manufacturers had to pay many millions of dollars in processing taxes before the latter were found to be invalid by the Supreme Court.

Mr. VANDENBERG. Mr. President, there is another question which already is laid at the bar of the Senate. If it

wants seriously to discuss the question of farm benefits on a basis of equitable distribution, there is another question which already rises as a result of the preliminary information which we thus have.

If one branch of the Government leases public or quasi-public lands to a big farm operator, is it wise for another branch of the same government to pay the same operator large subsidies for not cultivating the lands thus leased? By any stretch of the imagination can this be defined as "planned economy"? Is it not instead a species of planless extravagance with other people's money? Are we not put upon notice that we need a new and larger measure of coordination? Surely it is not a political motive which inquires into the importance of this coordination.

Mr. President, rather than burden the Senate's time with a detailed discussion of this phase of the matter, I ask that a discussion of this question of large wheat payments to the operators of Government-leased lands, as it appeared in the New York Times on April 8, be printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

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

[From the New York Times of Apr. 8, 1936]

RENTED LAND GAVE CAMPBELL $50,000 IN A. A. A. PAYMENTS—"WHEAT KING" SHOWN RECEIVING BENEFITS FROM INDIAN TRACTS OBTAINED AT "BARGAIN PRICES"—WALLACE SEES "POLITICS"—HE THUS DESCRIBES DEMANDS FOR DATA ON GRANTS—VAN DEVANTER RETURNED CHECKS

By Felix Belair, Jr.

WASHINGTON, April 8.—From information obtained from several Federal bureaus, it was disclosed today that Thomas Campbell, Montana "wheat king", received more than $50,000 from the A. A. A. for not planting a full crop on land rented from the Indians at "bargain prices."

For not planting wheat, the large-scale operator received about $7 an acre on land which Indian Bureau officials said could be rented for 50 cents to $1.50 an acre, according to data supplied by the Federal offices.

It was through the Indian agency that Mr. Campbell arranged his land rentals and since the checks he received for cooperating in the invalidated A. A. A. production-control programs indicate a per acre yield of about 7 bushels of wheat, it would appear that he received about $1 a bushel for each bushel he refrained from producing in the 3 years of the A. A. A.

This disclosure climaxed the unfolding of further details of A. A. A. benefit payments and related developments in the Federal administrative and legislative branches. These included:

A statement by Secretary Wallace in which he contended that "politics" was alone responsible for the demand for information on past A. A. A. benefit checks and the Vandenberg resolution calling for a report of all such payments above $10,000.

JUSTICE RETURNED MONEY

A report that Supreme Court Justice Willis Van Devanter, who, with a majority of his colleagues, handed down the decision that voided the A. A. A., had sent back to that agency about $100 it paid his farm for compliance in the wheat-control programs.

Release of a letter from Secretary Wallace to the Senate Agriculture Committee in which he placed the highest wheat benefit payment to a farmer under a single A. A. A. contract at $78,634. This was to correct a statement made in the Secretary's first preliminary report to the committee recently in which he said the largest such payment was $29,398.

An attempt by Senator VANDENBERG to call up in the Senate his resolution for reports on the A. A. A. payments, a move that was halted by Senator ROBINSON, the majority leader, who would not permit action on the measure in the absence of Senators who, he said, wanted to be heard on the subject.

The first piece in the story of A. A. A. payments to Mr. Campbell came from Secretary Wallace himself. In his preliminary report on the A. A. A. benefits he told the Senate committee that a Montana farmer had received $22,325 in 1933–34 for bringing under the voluntary-control program lands rented from the Indians.

The total amount received by Mr. Campbell, only roughly estimated by officials in the absence of detailed figures on the 1935–36 wheat program, placed him in the ranks of the 12 largest individual beneficiaries of the Agricultural Adjustment Act, it was said.

INDIAN BUREAU ALSO BENEFITS

In addition to the more than $50,000 paid Mr. Campbell for his retired Indian lands, records of one Federal agency showed that he was entitled to about $5,000 in A. A. A. payments for bringing his own privately owned Montana farm under the control programs.

The Indian Bureau itself was said by officials to have been a substantial beneficiary from the A. A. A. payments to Mr. Campbell because of its guardianship of the Indian-owned lands. One official placed the amount paid the Federal agency as a result at $5,000, while another said it would probably be nearer $8,000.

Brought under the A. A. A. wheat-control program by Mr. Campbell were 16,519 acres of land rented from the Indians and 2,155 acres of his own farm. The exact terms of his contract with the A. A. A. for land retirement could not be learned tonight, but Indian Bureau officials said that land similar to that operated by Mr. Campbell could be rented for from 50 cents to $1.50 an acre, depending upon its productivity.

The "wheat king" received $18,400 for not planting a part of his rented acres in 1934. That year the A. A. A. program called for a reduction of 15 percent under what had been normally planted, and checks were based on 55 percent of average yields or "domestic allotment" at a rate of 30 cents a bushel.

Since Mr. Campbell actually withheld from cultivation about 2,470 acres of the land he rented from the Indians, and his payments from the A. A. A. totaled $18,400 on that portion, the officials indicated that he had received about $7 an acre for his cooperation.

Mr. Campbell's A. A. A. payments were largely on the Indian acreage in all years. He had two large Indian tracts, and received in 1933–34 crop payments on the largest tract $16,360; on the smaller Indian tract, $2,049; and on his own land, $2,727.

In 1934–35 payments he received for the large tract, $17,279; the small tract, $2,164; and on his own land, $2,881.

Some of the Indian acreage was operated on a sharecropper basis, as A. A. A. records indicated "landlord" checks paid to the Crow Reservation agent of $1,617 in one year and $1,920 another year for the large acreage.

In 1935 Secretary Wallace lifted all spring-wheat restrictions, permitting cooperators to get benefit payments without any performance.

Mr. VANDENBERG. Mr. President, the article indicates that there are questions involved in these major Triple A benefit payments which seriously and in an impersonal, unpartisan sense ought to be studied for the benefit of whatever advantageous information may flow therefrom as we proceed to continue this method of farm relief.

I think it makes very little difference what my own voting record in the Senate has been in respect to previous problems which have been in the Senate forum.

My able friend from Arkansas has honored me by a considerable discussion of that record. I would not change the record in any respect if I could, and I think in a word I can demonstrate its complete consistency, if that be of the slightest interest to any Senator.

The Senator from Arkansas refers to the fact that I voted for the Jones-Costigan Act, the Sugar Control Act, under which a portion of the benefit payments have been made in large and staggering sums. I certainly did; and, Mr. President, the fact that I voted for it gives me a double right to be critical in respect to what has happened under it. Why did I vote for it? I desire to read from the RECORD, and I read from page 6803 of the RECORD of April 18, 1934.

The Jones-Costigan bill was then pending for a final vote in the Senate after many of us had sought repeatedly to amend it, after many of us had fought many phases of it to the utmost limit, and had succeeded in having it changed in many important particulars. This, however, is what I said on the floor of the Senate, and I read it to the Senator from Arkansas and my other colleagues:

Mr. President, those who have a right to speak for domestic sugar farmers and processors in this emergency reluctantly announce that they have no choice except to ask for the passage of the bill—indeed, any bill—because of the impending purpose of the President to reduce the sugar tariff. Against the latter hazard their only relative hope is the substitution of quota protection.

In such circumstances any quotas, however hostile, are better than none at all. They must take what they can get. But let this be plain, namely, that they are not free agents when they make their choice. It has been said that they choose with a gun at their head. That is the truth. It is a double-barreled gun. One barrel is loaded with impending sugar-tariff reductions, menacingly promised by the President; the other barrel is loaded with unrestricted Philippine imports until such time as the new and inadequate Philippine bill becomes effective.

In other words, Mr. President, if we must linger for a moment upon this ancient history of cold-blooded facts as in terms of politics, if that be the interpretation that must be put upon it, the cold-blooded fact is that the great President of the United States in his Baltimore speech preceding his election said that under no circumstances would he reduce a single agricultural tariff. It was a positive statement, without reservation or equivocation; but the fact is that within 18 months thereafter he twice reduced the tariff upon sugar, affecting in a fundamental degree the farming interests in 16 States of the Nation. Sugar was the only com-

modity included within the Triple A benefits which was not a surplus commodity. Sugar beets and domestic sugar cane were placed in the Triple A bill as a direct and specific compensation for the fact that the tariff to which they admittedly were entitled had been removed for the benefit of encouraging Cuban trade.

When the matter finally came to a vote upon the floor of the Senate, the vote was a shotgun vote; and the only chance on earth the domestic sugar-beet farmer had under those circumstances was to take what he could get. The best proof of my own good faith in that aspect is that I introduced, and there is pending in the Finance Committee today, a substitute for the Jones-Costigan Act, which does not involve the payment of a single penny of benefits from the Treasury of the United States, and which involves solely giving to the American farmer the American market, giving to him a right to produce to his own capacity that which his own fellow Americans can consume.

Mr. President, my able friend finds some sort of inconsistency in the fact that I am in favor of publicity respecting money going out of the Treasury, although I was not in favor of publicity for loans presumably to be repaid, and publicity upon the income-tax reports of private citizens. I think he knows just as well as I do that there is no remote analogy between the two situations. If there were any analogy, I should be asking for publicity for the loans that are made to farmers through the various and multiple farm-loan agencies which exist in the country. I am not asking for any information respecting the private affairs of the farmer in respect to anything which originates within the individual citizen's private rights. My position today is just as consistent as it was then. I shall never be found seeking to prevent any publicity for one nickel that goes out of the Public Treasury of the United States.

Insofar as any discussion of income-tax publicity is concerned, insofar as concerns any consideration to be given to the submission that the income-tax payer ought to make to scrutiny in respect to any dispute regarding his taxes, I may as well say here as at any other time that I distinctly dissent from the Presidential Executive order issued on June 10, 1933, under which the Attorney General alone, in the secrecy of his own chambers, may now compromise and dismiss suits for the collection of income taxes, whereas prior to the issuance of the Executive order it had to be done by the Commissioner of Internal Revenue, with the advice and consent of the Secretary of the Treasury, and with the recommendation of the Attorney General. If Senators wish to talk about publicity in respect to any phase of the income-tax problem, I wish to talk for a moment about an Executive order which strikes down at least a portion of the protection which heretofore has existed in respect to the composition of these suits.

As I was saying, Mr. President, it seems to me that what my record is or is not has remote bearing upon whether or not the Senate should pass a resolution frankly asking for information regarding a disbursement of public funds made by a nonelective officer of the Government, under his own formula, and when, where, and how he pleases, to the tune of $1,000,000,000. I have been amazed for the past 6 weeks that there should have ever been the remotest thought of opposing or retarding any such inquiry.

Now, apparently, an effort is to be made to load down the resolution with a number of amendments. That will not embarrass me in the slightest degree. I am in favor of the adoption of any Senate resolution which asks for legitimate information from any department of the Government whenever any one Senator of the United States rises and asks for it; and I shall never be in favor of subjecting him to a gauntlet of battle in order to get the information. Senators may put on all the amendments they desire, seeking all the information they wish, and I hope some additional amendments will be put on from this side of the aisle if the resolution is to become an omnibus. Let the same rule apply to our amendments from this side of the aisle that applies to your own. Let there be light, regardless of whence it comes. If this resolution is to be an omnibus, let us fill all the seats in the omnibus. Let us first agree to the resolution submitted by the Senator from Wyoming [Mr. CAREY], and then to the one submitted by the Senator from Oregon [Mr. STEIWER], asking for a full disclosure of the W. P. A. pay rolls up and down the land. Let us take that resolution out of the committee where apparently it has been given an anesthetic. Let us add that to the omnibus, and let us add any other resolutions seeking information that anybody wishes to put on. I know of no way in which the Senate can proceed intelligently in the absence of all the information it can secure from the departments.

With respect to the amendment submitted by my able and genial friend from Kentucky [Mr. BARKLEY], I will say that I have no objection to it. I am totally at a loss to understand how, in the final analysis, it is going to be possible for anybody, even a man as conveniently and expediently generous as is the chairman of the Tariff Commission, to make a clinical break-down of trade statistics to identify the precise element of tariff benefit, and where it is allocated as between labor and capital and the ultimate public welfare. But, bless your heart, if you want to make the effort to get the information, I have not the slightest objection in the world. I fail to see its connection with the Triple A inquiry I have made; but perhaps there is a connection, Mr. President, because a rather amazing thing happened a week ago Sunday which would indicate that there may be something in this dual contemplation respecting the Triple A and the tariff. Perhaps there is something which ought to be probed.

I was tremendously interested to discover that Mr. Chester C. Davis, who is still, I believe, the Administrator of the Triple A, sent a self-written interview to the United States about 2 weeks ago, to be released, under a Berlin date line, on April 18 for publication in the Sunday newspapers of that week. Let me tell the Senate, before I read portions of this article of Mr. Davis, what happened to the article, because it will at least excite your curiosity if it fails to challenge your suspicion. As nearly as I can discover, there was only one newspaper in America that published this article, to wit, the Newark Sunday Call, published at Newark, N. J. Why did not any other newspaper publish it? Well, I think I can tell you about that. No other newspaper published it because on the afternoon when it was intended for publication and for release a cablegram was received from Mr. Davis, then in London, requesting that it be withdrawn, and unfortunately for him, but fortunately for our illumination, the notice arrived too late to stop the publication in the Newark Call.

Why Mr. Davis changed his mind about this article I leave to you. Perhaps he concluded that the things he was reporting were not so. Perhaps, on the other hand, a carbon copy of his article also went to his high superior, to the Secretary of Agriculture, at the same time it went to the Associated Press, and perhaps it was there discovered what an astonishing, amazing, and totally unanticipated breach had suddenly arisen between the stated opinions of Mr. Chester Davis respecting the agricultural problem and the tariff problem in connection therewith on his part and that which is persistently proclaimed by the administration. Now, listen, quoting Mr. Davis:

> I am afraid that those who hope for a suddenly revived European market for our farm products as the immediate solution to our American agricultural problem are destined for disappointment. All over Europe there is bad news for the American farmer or exporter who hopes to regain the great market he enjoyed in this part of the world a decade ago.

That is precisely what I have insisted upon time and time again in the course of tariff debates upon this floor; precisely the condition which denies the policy that is preached to us by our good friends across the aisle and down Pennsylvania Avenue that the sum total of our economic hope is to rely upon a fertilized export trade which is to bring us back to our prosperous normalcy. Mr. Davis says it cannot be done.

I quote further from Mr. Davis:

Under the rising surge of nationalism and the continued threat of war, with the possibility of food supplies choked off by blockade, the leading countries in western Europe are striving to become self-sufficient and, as far as possible, to produce their own foodstuffs.

Of course that is true; and it is perfectly absurd to contemplate that we ever again, within this generation at least, can recapture that section of our export trade.

Continuing to quote:

Nearly every nation has been developing national programs involving trade regulations and other artificial means to check the inflow of foreign products and to stimulate greater production on its own acres—no matter how immediately unprofitable such production may be.

Now listen:

I see no—

This is Chester C. Davis speaking in an interview which was not supposed to be published—Chester C. Davis speaking—the head of the Triple A—

I see no sense wasting our soil resources and great national heritage of productive and fertile soil to produce for a market we cannot have because of circumstances far beyond our control. * * *

These are stubborn facts—

Mr. Davis testifying—

These are stubborn facts that no amount of wishful thinking—

Did you ever suspect you would find that phrase in Mr. Davis' mouth?—

That no amount of wishful thinking in the United States will change, and they affect European export trade in western Europe and England in many lines, particularly food products and agricultural raw materials, which nationalistic policies over here seek to develop.

Just one more paragraph:

If I appear at this stage to emphasize the negative side of farm-trade prospects with Europe rather than the positive, it is because a constructive farm policy for our country must start, first, with a square look at the facts as they exist.

That is all I have been asking for for a month, Mr. President, that we take "a square look at the facts as they exist." If we take "a square look at the facts as they exist", we are driven to the inevitable conclusion, as is Mr. Davis, when once he reaches the other side of the ocean, that we pursue a mirage when we try to build our economic restoration upon the basis of a recaptured foreign trade in any such degree as heretofore existed; and that applies equally to the agricultural situation to which Mr. Davis is attached.

I ask that this entire article may be printed in the RECORD, in order to save time.

The PRESIDING OFFICER. Without objection, the article will be printed in the RECORD.

The article is as follows:

[From the Newark Sunday Call of Apr. 19, 1936]

EUROPE CLOSING DOOR UPON UNITED STATES FARM PRODUCTS—CHESTER DAVIS SEES NO HOPE FOR BOOM LIKE THAT 10 YEARS AGO

(Chester C. Davis, Administrator for the Agricultural Adjustment Administration, now is touring Europe on a mission for President Roosevelt to determine how nationalistic tendencies and the threat of war will affect present and future markets of the American farmer. He has visited Great Britain, Holland, Luxemburg, and Germany, and later will see Sweden, Belgium, the Balkan countries, Italy, and France. He has authorized the following interview for the Associated Press.)

BERLIN, April 18.—I am afraid that those who hope for a suddenly revived European market for our farm products as the immediate solution to our American agricultural problem are destined for disappointment. All over Europe there is bad news for the American farmer or exporter who hopes to regain the great market he enjoyed in this part of the world a decade ago.

Under the rising surge of nationalism and the continued threat of war with the possibility of food supplies choked off by blockade, the leading countries in Western Europe are striving to become self-sufficient and, as far as possible, to produce their own foodstuffs.

Nearly every nation has been developing national programs involving trade regulations and other artificial means to check the inflow of foreign products and to stimulate greater production on its own acres—no matter how immediately unprofitable such production may be.

MUST RECOGNIZE FACTS

Incidentally it is not for us to question the wisdom of such a policy; we must recognize the facts as they exist.

The tendency of first apparent in the British Isles. While we in the United States are driving to shift plowland to grass, the British are encouraging, through national programs, a shift from grass to plowland.

Agricultural self-sufficiency seems to be an ever more dominant policy on the Continent, where it entrenches behind import controls of a scope undreamed of a few years ago.

Controls undertaken as an economic policy are strengthened by the current apprehension of war. No Englishman ever will forget those black World War days when Britain, under the menace of the U-boat, was within 6 weeks of exhausted food supplies and starvation.

Germany likewise will not forget the fact that it was behind the lines it lost the war through crushing blockades that cut off its food supplies.

ONE LESSON LEARNED

Europe remembers that lesson better than she seems to remember some other lessons taught by the World War. Until peace finds a home in Europe again the outlook for increased takings of our cereal and meat staples appears none too bright.

I am concerned with what these changes mean to the American farmer. We plowed up 50,000,000 acres to grow wheat and meat for Europe from 1914 to 1919. They will not be needed to the same extent for that purpose again.

I see no sense wasting our soil resources and great national heritage of productive and fertile soil to produce for a market we cannot have because of circumstances far beyond our control.

Nearly every country we have visited has supplemented its tariffs by import quotas on some commodities. Some nations have put in effect rigid exchange-control systems which put the Government in charge of every item of foreign trade. Germany is a notable example. Some countries have invoked outright embargoes.

STUBBORN FACTS

These are stubborn facts that no amount of wishful thinking in the United States will change and they affect American export trade in western Europe and England in many lines, particularly food products and agricultural raw materials, which nationalistic policies over here seek to develop.

The more progressive European countries are sick of quotas and control arrangements, but under the circumstances they find them necessary.

We are just beginning to realize in the United States that staggering as our war profits on agricultural commodities appeared during the World War, we lost in the end and were worse off afterward. We have not yet reorganized from the effects it left.

As far as staples are concerned, American subsidies looking toward dumping surpluses simply will not work, because the nations over here are equipped with all sorts of devices to offset them.

Subsidies will not enlarge quotas or break down embargoes.

Even in England, which until 1931 was the world's great free market, I cannot see anything to indicate a change in the national policy of protection for the home farmer and preference for the dominion farmer, at least as long as there is a possibility of European war.

NEGATIVE ASPECT STRESSED

There is no question of whether England or any other country likes this departure from its former trade policies. The conditions simply compelled the action.

If I appear at this stage to emphasize the negative side of farm-trade prospects with Europe rather than the positive, it is because a constructive farm policy for our country must start, first, with a square look at the facts as they exist.

What appears to be true of cereals and meat and fats certainly is not wholly true of tobacco, which has recently enjoyed an extraordinarily flourishing sale in England.

Other factors than those mentioned influence the cotton trade, and with certain of our smaller specialty crops some interesting possibilities may be developed.

Mr. VANDENBERG. Mr. President, I think perhaps there is a vague and remote connection between the Triple A and the tariff in connection with my resolution. It is rather a nebulous, attenuated sort of relationship, but if the Senator from Kentucky wants to ask for tariff information in connection with my resolution, he is more than welcome to do so, and so far as I am concerned I shall not contest any amendment which seeks information. I simply say what Chester C. Davis said from London, let us get the facts; and I am reasonably certain that the Senate will not want to deny a quest for facts either in respect to large Triple A benefit payments or in respect to any other phase of the problem as it may subsequently develop. I am perfectly sure that the Senator from Arkansas, and the Senator from Kentucky, and all their colleagues across the aisle, will be willing that the resolution shall be adopted, and that we shall get the facts, and I only regret that it has been so exceedingly difficult to bring them to this state of mind.

Mr. BARKLEY. Mr. President, I have no desire to consume very much of the time of the Senate in discussing the pending resolution, but in view of some of the implications involved not only in the resolution itself but in the particular form of publicity which has been given to the introduction and the tendency of the resolution, which, I assume, has not been altogether uninspired by its author, I desire to make a few observations with respect to it, and with particular reference to the amendment I have offered, which I hope will be adopted and which I am glad the Senator from Michigan has agreed to support.

In the first place, Mr. President, there has been and there will always be a very definite connection between the welfare of the American farmer and the tariff laws that are in force either for his benefit or of which he is the victim. I recall in 1928, 1929, and 1930, when we had the tariff bill—which is now the law—under consideration, that, without regard to political affiliation—inasmuch as such a tariff bill was to be enacted—sincere, honest, and intelligent efforts were made to adjust whatever benefits might grow out of it to all classes of our people alike. I recall that after the election of 1928, which was held in November of that year, the Ways and Means Committee of the House of Representatives began hearings on a new tariff law in December 1928. They held hearings almost all winter. President Hoover called an extraordinary session of Congress to consider the tariff; the House of Representatives passed a bill, which was sent here, and that measure consumed the almost undivided attention of both Houses of Congress from December 1928 to June 17, 1930, when the President signed the tariff bill which was enacted after that 18 or 19 months of deliberation.

I mention that in order to emphasize the fact that when the administration now in power came in on the 4th of March 1933 it was recognized that in the dilapidated and distressed condition of the American people at that time it was nothing short of folly to try, under those circumstances, to rewrite a tariff law having general application throughout the United States. There were more immediate considerations that had to demand our attention.

The effect of the tariff law upon agriculture may be disputed by men, depending upon their preconceived notions of tariffs and their ideas about protection and tariff for revenue and free trade, and all the theories that enter into a tariff bill, but there can be no dispute as to the condition of the American farmers and as to the status of our foreign trade on the 4th of March 1933, without regard to the causes that led up to that disastrous situation. In 1929 our commerce with other nations amounted to about $10,000,000,000. That involved large employment of American labor. It involved the sale of large quantities of American farm products as well as American factory products.

From 1929 to 1932 our foreign commerce declined from about $10,000,000,000 per year to $3,100,000,000 per year, and a considerable portion of that decline was represented by our inability to sell our export agricultural products which were piled up in the field or in the factories or in the granaries. Testifying before a committee of which I happened to be a member, Mr. Robert T. Lamont, who was Secretary of Commerce under Mr. Hoover, made the statement that the loss of that $7,000,000,000 of American commerce with the nations of the world was responsible for the loss of employment by more than 3,000,000 able-bodied American workingmen.

When we came to deal with the agricultural situation we were faced by the fact that the agencies of credit to the farmer had practically collapsed and ceased to function. During all of 1932 there was scarcely any loans at all made to the American farmer, resulting in half a million American farmers being immediately in danger of foreclosure, and our surplus products such as cotton, wheat, corn, livestock, tobacco, and other commodities were unsalable and were incapable of sale at least in part because of the terrific artificial barrier which had been erected through the Smoot-Hawley tariff law, which encouraged other nations to take similar action, each one in turn trying to lift the wall higher than its neighbor had lifted it, so as to create a sort of vacuum, commercially speaking. We had to deal with that condition. We could not remedy it, so far as tariffs were concerned, except in some artificial way.

Nobody will deny that the remedy which we applied to our agricultural program and our agricultural problem had to be artificial, just as the things which had produced that condition were artificial. We either had to decide that we would reduce our production of unsalable surpluses, or continue their production and, in the absence of foreign markets, dump them on our own domestic market and drive the prices of our products still further down.

It will be recalled that at that time cotton was selling for about 5 cents a pound, and a million bales of cotton were piled up in this country, for which we had no market. Wheat was selling in the summer of 1932 as low as 25 cents a bushel. Corn sold as low as 10 cents a bushel; pork sold as low as 2½ cents a pound; cattle sold as low as 3½ cents a pound. The price of tobacco in the United States, notwithstanding the fact that certain high qualities brought a very high price, was on the average less than 5½ cents a pound. The entire European market, with a few exceptions, had been closed to American tobacco. It so happens that in the State which I in part represent a large portion of what we call the dark-fired tobacco is exportable. About 85 percent of what we produce finds a market in other countries of the world.

When we came to consider what we would do for agriculture we either had to continue the production of these unsalable surpluses and, by dumping them on the domestic market, drive the price of the product still lower, or we had to find some artificial way by which we might reduce these unsalable surpluses by a reduction in production which meant a reduction in the acreage of the American farmer.

We all recall that the American Farm Board had been created during a previous administration and had sunk about $500,000,000, taken out of the Treasury of the United States, in a futile and ineffectual effort to revive American agriculture. Notwithstanding this fact, notwithstanding the sinking of half a billion dollars in this futile way, agriculture continued to decline, and the condition of the American farmer became worse and worse every day and every year. When the Democratic administration came into power and undertook to arrive at some conclusion by which it might give stimulation, even artificial stimulation if necessary, to the condition of the farmer, the Triple A, the agricultural-adjustment plan, was devised and became a law.

Under the Agricultural Adjustment Act and such other legislation as we enacted in behalf of the farmer, and under the improved conditions which were the result of that legislation, cotton increased in price from 5 cents a pound to 12 cents a pound. The American wheat grower, instead of being compelled to sell his wheat for 25 cents a bushel, sold it for 70 to 90 cents and as high as $1 a bushel, and it is now selling around a dollar a bushel for May wheat, and even July wheat is quoted above 90 cents as the prospective price for the American crop of wheat for the coming summer.

Corn went from 9 or 10 cents a bushel to 60 or 70 or 75 cents a bushel. Tobacco went from an average of less than 5½ cents a pound, taking the United States as a whole, to about 11 cents a pound. In the same proportion, pork and cattle and other products increased in price until, under the A. A. A. and the associated laws and the improvement in economic conditions which was produced by them, we were able, before the Supreme Court declared the A. A. A. law to be unconstitutional, to increase the net income of the American farmer by more than $3,000,000,000 per annum.

Mr. President, I am not going to discuss the Supreme Court decision. It is not material to this issue at all, except to say that the decision did not declare unlawful the tax we levied per se; it did not declare unlawful the reduction of crop production per se; but held that the combination of the tax and the inducement offered by the benefits that were to be paid out of the tax to individual farmers in the States, created a sort of national coercion on the farmers designed

to bring about a crop production which we had not jurisdiction to bring about because it was a local matter and would have to be undertaken by local communities and the States.

After that decision was rendered, in order that we might not abandon our program of farm relief, in order that we might continue as long as it might be necessary to offset one artificial influence with another artificial influence in the way of increase in the rewards to agriculture, we enacted the Soil Conservation and the Domestic Allotment Act, under which the Department of Agriculture is now framing its program for the future.

There was nothing in the law that compelled any farmer to join hands with Uncle Sam in a voluntary agreement by which he would reduce production of corn or wheat or tobacco or cotton, and in return receive a benefit payment for the amount that he reduced his production. In other words, he was to receive a reward for the uncultivated acres by which he reduced his normal production of these basic crops which were designated in the act.

The Senator from Michigan [Mr. VANDENBERG] has offered a resolution asking for information with respect to the payments to individual or corporate farmers in the United States who received more than $10,000 benefit by reason of these agricultural adjustments.

However, the remarks made by the Senator from Michigan indicate, I assume, that he believes in a sort of graduated benefit payment dependent entirely upon the amount of crop production or the size of the farmer's operation.

I should like to ask the Senator from Michigan—who seems temporarily to have departed the Chamber—under any voluntary system for farm relief where no farmer under any system or plan is compelled to join in the program, whether he thinks any real benefit will come to the average American farmer if all those who operate farms upon an enormous scale are not to be drawn into the program, but permitted to continue their larger production without regard to the agricultural-adjustment program which has been planned or may be planned by the Department of Agriculture that is now in office or any that may succeed it or exist hereafter.

What we were seeking to do was to reduce production. The primary object of the A. A. A. was not to reward any man in larger proportion than any other man or any other entity was to be rewarded for reduction in acreage.

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

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

Mr. BARKLEY. Certainly.

Mr. ROBINSON. If the large producers had been encouraged to expand their production while the smaller producers were being contracted to reduce their production, the inevitable result would have been that there would have been a failure of the program, would it not?

Mr. BARKLEY. Absolutely; because if there were enough large producers who might retain their normal production or expand it to offset the production of the small producers, what we would have had would have been an agricultural stalemate, which would have resulted in no good to anyone.

Mr. ROBINSON. The large producers would have profited, because they would have had more to sell.

Mr. BARKLEY. Of course.

Mr. ROBINSON. The small producers would have suffered, because they would have realized low prices in spite of the fact that they had reduced their production.

Mr. BARKLEY. Decidedly so; and they would not have received any compensatory reward for the voluntary reduction they made in order that they might join a Nation-wide movement to bring about an adjustment of production to consumption, in view of the world situation.

The Senator from Michigan, in his remarks a while ago, indicated that he believed in a graduated system of benefit payments depending upon the size of the operation, somewhat on the theory that the income tax is graduated according to the amount of the income which an individual or a corporation may earn in any year. That is totally beside the question. There is no relationship whatever between the present program of reduction of unsalable agricultural surpluses and taxing a man according to his ability to pay in a scheme of taxation designed to raise revenue for the Government. Although the Senator intimated that he favored such a system, when he thinks of the matter in a judicial and calm way, aside from any publicity or any reaction that may boost or inflate, artificially or otherwise, the reputation of any man here in view of the political situation which now exists, and when the theory is applied to the productions of his own State, and a law designed to regulate those productions is based upon the primary theory that if the farmer is to receive an increased reward for his labor the price of his product must be increased, and if the price is to be increased the unsalable surpluses must in some way be removed from the markets and not continue to hang as a cloud over the agricultural horizon, I dare say the Senator would not favor any such proposition as that, because it would work to the injury of his own State, as it would work to the injury of all farmers, for it would nullify and defeat the entire program.

Mr. President, I have no desire to enter into a tariff discussion. I have offered this amendment, which is designed to obtain from the Tariff Commission a list of all the corporations whose net income for 1934 was more than a millin dollars, and which are manufacturing, selling, and distributing an article upon which there is a protective tariff in the present tariff law.

I do not think anyone can deny the connection between the farm situation as we found it in 1933 and the tariff laws which had been enacted. I do not think anyone can deny that for generations the American farmer has been bearing the burden of tariff taxation without any compensatory reward upon his part for the taxes he has indirectly paid for the benefit of industry. When we passed the Tariff Act of 1930 efforts were made in someway to adjust that difference, although everyone recognized the impossibility of a complete adjustment. The Agricultural Adjustment Act of 1933 has been described as the tariff act of the American farmer. Indirectly it was, because it did seek to offer him some compensation for the burden which he willingly bore out of his meager earnings, and thus assist him in the solution of his own domestic agricultural problems.

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

Mr. BARKLEY. I yield to the Senator from Florida.

Mr. FLETCHER. I understood from the argument of the Senator from Michigan that he contends that it is impossible now to increase our foreign trade. I think the figures will show, as the Senator from Kentucky has mentioned, that the imports and exports of the United States dwindled to some $3,000,000,000 in 1932.

Mr. BARKLEY. In 1932; yes.

Mr. FLETCHER. I think the statistics will show that that trade has increased up to almost $5,000,000,000 today.

Mr. BARKLEY. There has been an increase; and I will say to the Senator that while we recognize, in the emergent circumstances which have existed since the depression began, the impossibility in a year or a year and a half of Congress writing a general tariff act, Congress followed the example of previous administrations from the very beginning of the history of our Government in 1792, it followed the example of at least three Republican administrations in the McKinley Act and in the Dingley Act in authorizing the President, not as a matter of tariff, not as a matter of taxation, but in the exercise of the power to regulate commerce between the United States and other nations, to enter into trade agreements designed to open up markets in some parts of the world, wherever a fair and equitable agreement might be made for some of the surplus products of the American farm and the American factory.

But if it be true, as Mr. Davis says in the interview quoted by the Senator from Michigan, that it is nothing more than a midsummer night's dream to hope to recover the markets of the world for American agriculture, then it becomes more important that we in someway regulate our own production so that we shall not again be faced with

an unsalable surplus which would have to be dumped upon the American market and would drive down still further the price of American products.

So the very interview quoted by the Senator from Michigan in support of his own argument is a stronger argument in favor of a program of curtailment of all the export products for which we now have no market and for which the Senator says we can hope to have no market in the immediate future.

If the Senator from Michigan is so solicitous about all the farmers who have received more than $10,000 by reason of their willingness to enter into voluntary contracts with the United States Government and with each other, and now is so willing that we shall also seek information with respect to the names of those who have net incomes of more than a million dollars to which contribution is made by the artificial wall which has kept our products from the markets of the world, I am wondering why he did not become so generous when he introduced his resolution instead of now being willing to accept it as an amendment which has been offered to his resolution.

I think it will be an easy matter for the Tariff Commission, through its access to the Treasury Department, the Department of Agriculture, and other agencies of the American Government, to furnish to the Senate and to the country the names of industrial corporations whose net annual income has been more than a million dollars, while we are undertaking to discourage the little farmer or to make him discontented because he received only one thousand or two thousand or five hundred dollars because of his small sacrifice, while seeing in blazing headlines that some great farmer, some corporate farmer out in the West or in the South or in Michigan or somewhere else has been able, because of the large curtailment involved in his operations, to receive more than $10,000 or $20,000 or $50,000 or $100,000.

My information is that in 1933 there were only 46 American farmers or American corporations, or combined individual and corporate farmers, who received anything like an enormous amount of benefits because of their curtailment. But why is it that the Senator from Michigan now, in this campaign year of 1936, is so anxious to expose what a few farmers received out of the Treasury of the United States in a great crop-reduction program, but was unwilling to expose in the beginning those who had been able to fatten because of their power to use the taxing agencies of the Government in an indirect way to levy tribute upon the very farmers in whose behalf we have undertaken to work out some relief?

It is a source of great pleasure to me, at least, that the Senator from Michigan is willing that we shall receive some of the information that is reposed in the Tariff Commission with respect to great industrial corporations which have been benefited by an artificial process, while at the same time he seeks to expose and seeks to embarrass and seeks to create resentment among the great mass of small farmers because they see in some newspaper headline a story that some great farmer has been able to receive fifty or one hundred or two hundred thousand dollars as a reward for his sacrifice.

Mr. President, I am in favor of the resolution offered by the Senator from Michigan. I hope the amendment I have offered will be agreed to, and inasmuch as the Senator agrees to it, I presume it will be. I dare say these two sets of information from the Tariff Commission and the Department of Agriculture, which are inseparably related in their antecedents and in their background, will show the American people something of our efforts to do a service to the great body of American farmers without embarrassment, without insinuation, without any charge that we are being actuated by favoritism toward one class as against another.

In my judgment, there can be no sound farm program of reduction of crop production that does not take in the largest farmers of the Nation on the same basis that we expect the smaller farmers to be actuated in their reduction and their sacrifice, in order that the whole body of farm life may be elevated, and the rewards for agriculture may be more remunerative and more satisfactory, which will enable the farmers of the Nation to pay their debts, and to buy some of the things produced in the great industrial centers, under which we hope to acquire a general, widespread and permanent prosperity upon a just basis and a firm foundation.

Mr. BYRNES obtained the floor.

Mr. BARKLEY. Mr. President, I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Has there been any order entered that committee amendments should be first considered?

The PRESIDING OFFICER. No order to that effect has been entered, but that is the usual practice.

Mr. BYRNES. Mr. President, I do not wish to speak to the amendment offered by the Senator from Kentucky [Mr. BARKLEY]. In fact, I intend to occupy the floor only a short time.

We have had the pleasure of hearing two speeches today from candidates for the Republican nomination for the Presidency. The Senator from Iowa [Mr. DICKINSON] first addressed the Senate. He is my candidate, and I wish to enter my emphatic protest against the seeming studied effort on this side of the aisle to ignore my candidate.

The Senator from Michigan [Mr. VANDENBERG] announced himself in favor of publicity. I believe him. I believe he is in favor of publicity from now until the convention. He came out boldly in favor of publicity. But he said not one word about the controlling issue in the coming campaign, which was so clearly presented today by the Senator from Iowa [Mr. DICKINSON]. That issue is dog food.

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

Mr. BYRNES. I yield.

Mr. CONNALLY. I should like to inquire as to what has become of the Senator from Michigan [Mr. VANDENBERG].

Mr. BYRNES. Mr. President, the Senator from Michigan is in the lobby just outside the door, and the Senator from Iowa, I am glad to say, has returned to the floor.

Mr. CONNALLY. I ask unanimous consent that a page be sent out to advise the Senator from Michigan that we are considering his resolution.

Mr. BYRNES. The Senator from Michigan has returned to the floor.

Mr. BARKLEY. Mr. President, the Senator no doubt is familiar with the old quatrain:

He who fights and runs away
May live to fight another day;
But he who is in battle slain
Can never rise and fight again.

[Laughter.]

Mr. BYRNES. I thank the Senator. The candidates have returned. As a matter of fact, my only objection to the Senator from Michigan is that, with the opportunity presented to come out in an open declaration of his views on the subject of dog food, he said not one word in his 30-minute address in the Senate about that all-important subject.

The Senator from Iowa [Mr. DICKINSON], my candidate, presented the issue clearly. He presented it eloquently and with great force, and, having something of the love of publicity of which the Senator from Michigan has spoken, saw to it that there would be no mistake about this dog-food issue being carried to the country. Therefore there was sent to the newspapers of the country today from the Republican National Committee, with instructions to be released after the address of the Senator from Iowa was delivered, the sheet which I hold in my hand.

Some of the Members of the Senate will be surprised at what the newspapers are going to publish tomorrow morning for the enlightenment of the people of the Nation. They will be surprised, as I am, because I came upon the Senate floor about 1 o'clock and I saw about three Senators on the Democratic side of the Senate and about three on the Republican side of the Senate. Of the three on the Republican side there was the distinguished Senator from Idaho [Mr.

BORAH], who has a little interest in this nomination business; the distinguished Senator from Michigan [Mr. VANDENBERG], who likewise is interested; and the minority leader, the Senator from Oregon [Mr. MCNARY]. With the exception of the Senator from Oregon only the candidates were present, and I must say that the Senator from Idaho has not yet expressed himself on this issue which has been projected into the campaign by the Senator from Iowa and the Republican National Committee.

This is what the country will read tomorrow:

WASHINGTON, April 27.—In a sensational address before the Senate—

[Laughter.]

That can be proved by each of the three candidates for the Republican nomination, the Senator from Iowa himself, the Senator from Michigan, and the Senator from Idaho. I do not know what the testimony would be from the three Senators who occupied their seats on the Democratic side of the Senate. But the Senator from Idaho was present, and I know he will be surprised when he reads in the great newspapers of the country tomorrow that—

In a sensational address before the Senate, United States Senator L. J. DICKINSON, of Iowa, today laid bare a condition under which poor people throughout the United States had been forced to eat diseased and contaminated food which the speaker described as "literally unfit for even dogs to eat."

Mr. President and Members of the Senate, no more serious issue could be presented to the country. The people have resorted to the eating of dog food, according to this candidate for the Republican nomination. He said it in a most forceful way.

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

Mr. BYRNES. I will yield to the Senator in a moment. The announcement from the Republican National Committee reads:

The white-haired Iowan arrived in the Senate Chamber with cans of prepared dog food which, he explained, people were actually eating because the Government permitted the manufacturers to advertise on the labels that it was "fit for human consumption." The cans and labels were exhibited to the Senators with actual photographs of some of the plants, showing the processes of manufacture.

Of course, Senators did not see the exhibit. I do not know where the Senator from Iowa has been for the last hour. I have looked over on the other side, and I was satisfied that he forgot to bring that dog food to the Senate this morning. He may have been hunting it, and I will now ask him. Has the Senator the dog food?

Mr. DICKINSON. I have the dog food. It is in my office, and I also have pictures of it, if the Senator would like to see them. I did not care to present them on the floor of the Senate.

Mr. BYRNES. But the newspapers will publish that he did exhibit them on the floor. I have for years known the distinguished Senator, and have had for him real affection. I regret to hear him say that he is now storing dog food in his office [laughter], because the paper issued from the Republican National Committee tells the people of the United States that the Senator said in the conclusion of this sensational address:

Gentlemen of the New Deal, while you are indulging your dream of utopia, please, out of the billions of our money you are so recklessly spending, spare us the paltry few pennies needed to enforce the pure-food laws, so we may know the third-class food you compel us to eat, at least, is clean food.

I thought that was only rich and riotous rhetoric. I did not know the Senator was eating it. [Laughter.] Yet the Senator says that he now has it in his office. Well, I hope that the labels on the cans are correct, and that it is fit for human consumption.

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

Mr. BYRNES. I yield.

Mr. DICKINSON. I wish to suggest that the record is right here. It is taken under your pet Blue Eagle N. R. A. The evidence is available. The Senator cannot laugh the thing out of the Senate for the reason that the evidence shows that 100,000,000 cans of dog food are being consumed by the human race in the United States now, and you cannot laugh that off the floor of the Senate.

Mr. BYRNES. Mr. President, I am not asking that it be laughed off. I am demanding that the Senator from Michigan and the Senator from Idaho express themselves on this momentous issue. I am not in favor of it being laughed off the floor.

This paper from the Republican National Committee refers to the Senator as "the white-haired Iowan." I love to look at his white hair, too. Whenever they sent out this statement of the "sensational speech", yesterday or the day before, they knew it would create a sensation. I take it seriously. I resent the fact that other Senators on this side of the aisle should reply to the speech of the Senator from Michigan and utterly ignore the speech of the Senator from Iowa.

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

Mr. BYRNES. I want the Senate first to know what is going to be published tomorrow about the speech. This is the next statement that was written by the Republican National Committee. Here is the story:

Sarcastically—

I can hear him now—

Sarcastically DICKINSON referred to the Roosevelt cure of slaughtering food animals, restricting the growing of grain.

Then it reads:

Every gangster, every counterfeiter, every dope peddler now incarcerated in a Federal penitentiary not only lives better—

The writer of the Republican National Committee put these words in—

he said with studied deliberation.

Now, that is good! When the writer was picturing this thing yesterday he knew that my candidate, when he reached that point in his speech, would speak with "studied deliberation." [Laughter.]

He said with studied deliberation, "The man who is in the penitentiary has actually twice as much to eat as the average of our free citizenship in this year of Roosevelt—1936."

I do not know what penitentiary the Senator has been in, but I am glad to know that the unfortunates sentenced to serve time in the penitentiary are having such excellent menus afforded them. I trust he is correct in his statement. But I hope it will not prove an incentive to crime.

Mr. DICKINSON. Mr. President, will the Senator yield now? I wish to get permission to insert something in the RECORD.

Mr. BYRNES. I am delighted to yield.

Mr. DICKINSON. I ask unanimous consent to have printed in the RECORD the resolutions of the American Newspaper Publishers' Association with reference to the Black investigation. [Laughter.]

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

Mr. BYRNES. Mr. President, I do not think the Senator should try to divert me from his dog-food issue. I wish to call attention to the fact that this writer from the Republican National Committee says that the Senator, after speaking with "studied deliberation", held aloft a can of uninspected dog food for the edification of the Senate. [Laughter.]

The Senator from Iowa is leaving the Chamber, Mr. President. I hope—I know he will bring back that dog food. [Laughter.]

Mr. President, I do not object to this sheet from the Republican National Committee. My only objection to it is that it pictures to the country that the United States Senate Chamber has been turned into one of these county fair exhibits, with canned dog food scattered all around the Senate. The Senator from Iowa did not do it. He would go a long way for the "brain trust", but he could not go that far. The real issue at this time is not canned food; it is canned speeches. [Laughter.]

Anyone listening to the Senator reading that speech and knowing how freely he discusses all questions must have recognized, as I did in the short time I listened to him, that he was not quite familiar with the speech. I think I know where it comes from. That speech comes from the "brain trust." Only Professor Saxon's outfit with the distinguished professors down at the Republican National Committee would project such an issue into the campaign. The Republican Committee has had a rather difficult time finding an issue. With the coming of the professors we wondered what the issue was to be. Now we know the issue—dog food.

I am satisfied that it was born in the brain of Prof. Asher Hobson, because we are advised by the Associated Press that until recently he was employed in the Department of Agriculture. Only a few weeks ago he was employed in the soil-conservation program as a liaison officer for the Central Statistical Board. He was also employed as an economist at quite liberal compensation. But just as soon as the contributions began to roll in from Delaware, from the State of Du Pont, and big money was available, the professor saw the light, and he transferred his scene of activities over to the Republican National Committee. It was ever the way of expert witnesses.

But the Republican National Committee chairman, Mr. Fletcher, did not know the professor. He said:

> Those who have joined us have done so in the belief that the policies of the Roosevelt administration are in violation of the teachings of experience and subversive of the fundamental principles of American tradition.

Professor Hobson only a few weeks ago was on the pay roll of the Roosevelt administration and was formulating plans for the soil-conservation program.

The Republican National Committee has issued another document—On Our Way. That was issued on Saturday. It has splendid pictures in it. Having come to the conclusion that millions of people in this country have no more sense than to eat dog food when it is labeled dog food, the Republican National Committee also came to the conclusion that there are so many people in the Republican Party who cannot read that they must send them pictures.

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

Mr. BYRNES. I yield.

Mr. CONNALLY. Does not the Senator think that instead of worrying about dog food they ought to devote their attention to a little elephant food?

Mr. BYRNES. I think the elephant needs more nourishment than ever before in our political history. Now, I do not object to Mr. FLETCHER going to Harvard and getting one of the pupils of Dr. Frankfurter to come down here and establish a "brain trust." The good Lord knows that if there ever were a people on the face of the earth who were in need of brains of some kind it was the Republican National Committee. If these professors really are to furnish material for speeches, as we are told, it is an excellent thing and I hope they will continue to furnish material to the Senator from Iowa. Even though he is my candidate, there are times when I think he is in the need of a little assistance.

This funny paper is a wonderful thing. It says:

> Mr. Roosevelt's half-baked potato program was laughed out of existence by the American people.

That is a professor's idea of the Supreme Court decision which ended the potato-control program. However, when it is called "Mr. Roosevelt's half-baked potato program", Members of the Senate and of the House know that that program originated in the Congress. They know that among the gentlemen who espoused it most heartily was the Senator from Maine [Mr. HALE]. They know that he led all the rest. My good friend, the Senator from Maine, was more interested in its passage than any other Member of the Senate.

I think the Senator from Idaho was in favor of it.

Mr. BORAH. Mr. President, what makes the Senator think so?

Mr. BYRNES. I understood so at the time. I should be delighted to be corrected if it is not so.

Mr. BORAH. The Senator has stated that I was. What makes the Senator think so?

Mr. BYRNES. I said I thought he was. There was no roll call, and I understood at the time that the Senator was, but if the Senator from Idaho tells me that he was not, I shall be glad to accept his correction of my statement.

Mr. BORAH. It is true there was no roll call, but I advised my constituency over and over again that I believed the bill unconstitutional and unsound economically.

Mr. BYRNES. I accept the statement. That at least eliminates the candidate from the State of Idaho, and even though I have expressed my preference for the Senator from Iowa, I do not want to misquote my distinguished friend from the State of Idaho, for whom I have the greatest respect.

The Senator from North Carolina on this side offered the amendment. There was no roll call, but my friend the Senator from Maine expressed his great interest in the bill. But certainly the Senator from North Carolina had a very difficult time getting the Department of Agriculture to enforce the potato amendment. The executive departments were opposed to it. The professor who wrote the statement I quoted should have known better.

On the third page we find four pictures showing people in want, in distress, and the members of the Republican National Committee, which is sending out material to oppose all the efforts of the administration to give help to the hungry and to furnish jobs to those who are out of work, are picturing in this supplement unfortunates who are in need of medicine, unfortunates who are in need of jobs. I think there must be a lack of coordination between the professors, because when one looks at the picture of a woman, with four children gathered around her, in need of relief, he will believe that the efforts of this administration to give help to the needy throughout this country are to be commended and not condemned. He will condemn a political party that opposes appropriations for relief of human suffering.

On the last page is the following:

> As You Like It—Not by Shakespeare.

Some professor wrote that. One would know that. The one who wrote it is Professor Saxon, I am satisfied. The head of the "brain trust" must be the author of this literary gem:

> Do you like On Our Way? Thank you. So do we. We do not like Mr. Roosevelt's funny business either. You know how it is. Just when things begin to look better along comes somebody like Mr. Roosevelt and spoils everything.

That is the "brain trust's" idea of appealing to the people of this Nation. Mr. Roosevelt came along in March 1933. This "brain trust" wants the people to believe that things were looking better in March 1933. Think of that.

It will cause the mind of every reader of this funny paper issued by the Republican committee to revert to that time and conclude that if the highly paid "brain trust" can produce nothing more convincing than this funny paper which I hold in my hand that the sooner they stop the expenditure of the money of Mr. Du Pont for that purpose the better will it be for what is left of the Republican Party.

Mr. MURPHY. Mr. President, consideration of Senate Resolution 265, which was submitted by the Senator from Michigan [Mr. VANDENBERG], and which is now pending, presents to the Senate one question which may be very readily answered, and another deeper, more significant question which takes on the complexities of a problem.

I think there is no disposition present in the Senate to deny the Senator from Michigan the information he seeks. Certainly I know it is not my disposition to deny it to him, and I believe it is not the disposition of the Secretary of Agriculture to deny it.

In consideration of the relatively few large payments made under the Agricultural Adjustment Act, there should be an understanding of what the act itself sought to accomplish. The end sought to be achieved was a general and substantial improvement in agriculture by raising the level of farm

prices as rapidly as possible back to "parity" or equality with nonfarm prices; and parity for most products was defined in the act as the relationship that prevailed in the pre-war years.

Since reasonable farm prices and enormous surpluses do not exist side by side, and since the markets for farm products were bogged down in 1932 and early 1933 by immense unsalable supplies of farm products, the act sought to restore the farm-price level by a direct attack upon the cause, by control of production and removal and prevention of surpluses.

Mr. President, that act was not a partisan approach to the problem. I am less concerned with the partisan aspects of the resolution of the Senator from Michigan than I am with its implied attack upon the agricultural policies of the present administration. That it was not a partisan approach to the farm problem is shown by the following excerpts from the 1932 platforms of the two major political parties.

The Democratic platform of 1932 pledged:

> The enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

The Republican platform of 1932 included the following paragraph:

> The fundamental problem of American agriculture is the control of production to such volume as will balance supply with demand. In the solution of this problem the cooperative organization of farmers to balance production and the tariff to hold the home market for American farmers are vital elements. The third element, equally as vital, is the control of the acreage of lands under cultivation as an aid to the efforts of the farmer to balance production.

To enable farmers to get together voluntarily and adjust their production, the act authorized benefit payments to cooperating producers to compensate them for smaller production and to assure a workable means of obtaining general cooperation in the plans. In other words, the benefit payments were the mainspring in the machinery for relating adjustment of farm production to increasing farm prices.

The act was intended to be, and was, a general effort to raise and strengthen the whole farm price structure as a means of lifting agriculture out of its ruinous condition and laying the basis for industrial recovery as well.

In order to accomplish their fundamental purpose of a general rise in the farm price level, the adjustment programs had to have general cooperation among producers. This meant that not only small producers but also large producers would have to be attracted to the programs and join in them. Obviously there would be no chance for the farmers to control production if only the small farmers should participate and all the largest growers, staying out, should expand their production without limit, thus breaking down the program.

All farmers understood the purpose of the benefit payments. They viewed them as a mechanism necessary to carry out a practicable operation in production control.

Congress also understood this purpose. We assumed when we passed the act that the plan would not work if the payments were disbursed on any other basis than as a uniform compensation to farmers for the extent of their production adjustment, whatever that extent might be.

Therefore, as passed by Congress, the act made no provision whatever for varying the rates of payment in proportion to the size of the producer. The act authorized the Secretary of Agriculture to make rental and benefit payments at rates considered by him to be fair and reasonable. But there was not a line in the act to indicate that rates should be stepped up for small producers or stepped down for large producers. No provisions for progression of rates as to small producers or regression of rates for large producers were included in the amendments to the act passed in August 1935. The assumption underlying both the act and the amendments was that the rates would be uniform.

So the act worked out, according to its own terms, in the payment of rates which were uniform per unit of adjusted production, and hence it resulted in the payment of large sums to the relatively small number of exceptionally large producers in each of the adjustment programs. Naturally the comparatively few large payments now appear especially large when we read in the newspapers 3 years' payments lumped into one figure without any inkling that the sum was spread over both landlord and tenants. I read a story in an excellent newspaper the other day which told about a $78,000 payment to "a wheat farmer" without any indication whatever that the sum mentioned really represented two payments, and that instead of going to "a wheat farmer", as the story related, $49,000, or nearly two-thirds of the total, was divided among 50 wheat farmers who were tenants of the parent company and who were entitled to share in the benefit payment in the same ratio as they shared in the crop. So the great $78,000 payment to "a wheat farmer" turned out to be 51 payments, 50 of which, making up $49,000, went to the 50 tenant farmers, leaving $29,000 for the company owning the land.

Large payments were most common in those branches of agriculture in which large-scale farming is a most firmly established practice, as for example, cane sugar and rice.

These large payments are a symptom of a national agricultural malady—concentration of ownership and control of the resources of farm production, particularly in certain special branches of agriculture.

Now, Mr. President, I will give specific figures of benefit payments in the case of cotton, corn-hog, wheat, tobacco, rice, peanut, and sugar producers. It will be found from the figures that only a very small fraction of the benefit payments as to each basic commodity went to large corporations or large growers and that by far the greater part of the money paid out by A. A. A. went to the small or average producers.

In the case of cotton, only 46 rental and benefit payments out of 1,031,549 paid out in the 1933 program exceeded $10,000. Altogether, these 46 payments totaled $818,656, or seven-tenths of 1 percent of the $112,794,039 paid to all farmers.

In the case of corn-hogs, in 1934, the year in which largest payments were made under the corn and hogs adjustment programs, there were 19 corn-hog contracts on which total payments were in excess of $10,000. This was out of a total of 1,155,294 contracts accepted under the program for that year. In 1935 only two payments were made in excess of $10,000. In this connection reference is made to page 7 of Secretary Wallace's letter of April 4 to the Senator from South Carolina [Mr. SMITH].

In the case of wheat, a preliminary check—and again reference is made to page 7 of Secretary Wallace's letter to the Senator from South Carolina—disclosed seven wheat contracts under which a total of more than $10,000 had been paid in second 1934 and first 1935 payments; which represented a year of the wheat-adjustment program. At the date this check was made, however, second 1934 and first 1935 payments had not yet been made on certain of the large contracts. A later and more complete check, which reached back into the year represented by the second 1933 and first 1934 payments, showed that a total of more than $10,000 had been paid on 16 different contracts for this year of the wheat-adjustment program. These 16 contracts were out of a total of approximately 580,000 contracts in effect for that year.

In the case of tobacco, the total number of contracts in all tobacco programs in 1934 was 288,908. The largest 1934 payment under a tobacco contract was $41,454, made to a Florida concern operating 49 farms. The second largest payment under a contract in the 1934 tobacco programs called for payments of $20,530.91 that year; the third largest was for $16,843.79; the fourth largest for $15,450.38; and the fifth largest for $13,263.20. In other words, out of the 288,908 tobacco contracts in effect that year, only five paid as much as $13,263.20. (See p. 8 of Secretary Wallace's letter of Apr. 4 to Senator SMITH.)

In the case of rice, 19 out of 10,659 rice contracts in effect for 1935 amounted to more than $25,000. All these contracts belonged to corporate landlords and canal companies which

furnished land and/or water to large numbers of producers on a share basis. One company, for instance, operated through 650 share-tenants. (See p. 9 of Secretary Wallace's letter of Apr. 4 to Senator SMITH.)

In the case of peanuts, out of a total of 40,000 contracts in the peanut-production adjustment program, the largest payment was less than $3,000 under the adjustment contract. (See p. 9 of Secretary Wallace's letter of Apr. 4 to Senator SMITH.)

In the case of sugar, out of a total of about 77,000 sugar-beet contracts, benefit payments under 26 contracts exceeded $10,000. Because of the corporate production common in the sugarcane industry, payments exceeding $10,000 were called for in a larger number of sugarcane contracts, both in the continental United States and in the insular possessions. A detailed statement of the larger individual payments under sugarcane contracts is given in pages 10 through 16 of Secretary Wallace's letter of April 4 to the Senator from South Carolina.

Mr. President, of course it is true that big farmers benefited along with little farmers, as the large payments received by a few of them show; but the all-important thing to bear in mind is that the trend of farm foreclosures up to 1933 was reversed by the great improvement in farm income as shown by the statement which will be appended to my remarks. In 2 years, from March 15, 1933, to March 15, 1935, the number of forced farm sales declined almost 50 percent. Farm bankruptcy cases concluded fell off 20 percent in the year ending June 30, 1934, from the number of the previous year. Trend of farm sales was to farmer buyers instead of to bankers and insurance companies. In 1934, 70 out of every 100 farms sold by the Federal land banks were sold to farmers and only 30 percent to nonfarmers.

So I say that the greatest single service in checking the loss by farmers of their lands was performed by the Roosevelt administration and by the A. A. A. in its big-scale and successful effort to improve farm prices and improve farm income.

Forced by the decision of the Supreme Court in the Hoosac Mills case to adopt other measures for agriculture, Congress in February last enacted the Soil Conservation and Domestic Allotment Act, and programs have been launched under that act which are designed to continue improvement in farm income, without production control pending transition to a State basis, and with production control after that, if the farmers desire it. The legislation referred to, designed to increase farm income, will also help farmers retain the ownership of their farms. But, unfortunately, the Senator from Michigan opposed this measure, as he opposed the original A. A. A.

The Federal Government, through the Farm Credit Administration, has brought about an immense improvement in the agricultural-credit situation since 1932. Title II of the Agricultural Adjustment Act, against which the Senator from Michigan voted, was entirely devoted to legislative measures to improve the farm-credit condition that existed in 1932. Through loans to farmers at lower interest rates, thousands who otherwise would have lost their farms to banks or insurance and investment companies were enabled to retain them and to continue as independent farmers. Further improvements were made by the Farm Credit Act of 1935, but I notice that the Senator from Michigan was not sufficiently interested even to express himself on that legislation.

In conclusion, Mr. President, let it be stated that the Senator from Michigan not only did not put his hand to the plow to improve the condition of the farmer, but he tried to lock up the plow in the barn and thus perpetuate the tragic conditions existing during 13 years of his party's administration of national affairs.

Mr. President, I ask to have printed in the RECORD a statement prepared by the Agricultural Adjustment Administration, Division of Information, entitled "Farm Progress in the United States Under the Agricultural Adjustment Act."

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

FARM PROGRESS IN THE UNITED STATES UNDER THE AGRICULTURAL ADJUSTMENT ACT

Farm cash income up 58 percent * * * farm prices up 66 percent * * * farm wage rates up 27 percent * * * farm real-estate values up 8 percent * * *. Such is the 1935 record of agricultural change in the United States since early 1933.

The initiation of a long-time soil-conservation plan under the provisions of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, consequently finds American agriculture in a far better condition than it was before the passage of the Agricultural Adjustment Act in May 1933.

The attack through adjustment programs on the emergency problem that agriculture faced 3 years ago went far toward making it possible for the Nation now to turn its attention to a long-time soil-conservation program.

Because of the situation of the Nation's farmers in the spring of 1933, the major objective of the Agricultural Adjustment Act, as framed by Congress, was to restore farm prices to their prewar level of purchasing power and thereby to promote national recovery. To this end the program included reduction, through production-adjustment programs and other measures, of the price-depressing surpluses of major agricultural products that had piled up by the early part of 1933. Increased production of soil-improving and erosion-preventing crops was made possible and was encouraged through measures adopted under the act, but not until the emergency problem was at least partially solved could the raising of farm prices and the control of surpluses be subordinated to soil conservation as the first and paramount object of the Nation's agricultural program.

INCREASED FARM PRICES AND FARM PURCHASING POWER

The yearly average price of all groups of farm products increased 66 percent during the 1932–35 period, rising from 65 to 108 percent of the pre-war level. The low point occurred in March 1933, when farm prices averaged only 55 percent of the pre-war level, while in December 1935 they averaged 110 percent of that level. These figures do not include rental and benefit payments.

The gain in exchange value per unit of farm products was somewhat less than the gain in farm prices, since prices farmers pay for commodities used in living and production also advanced about 17 percent from 1932 to 1935. The exchange value per unit of farm products increased from 61 percent of the pre-war level in 1932 to 86 percent in 1935, a gain of about 41 percent.

In December 1935 farm prices were still 25 percent under their 1929 level, while industrial prices were only about 20 percent under that level.

Price changes on certain selected farm commodities are shown in table 1.

TABLE 1.—*Average annual prices received by United States farmers, 1932 and 1935*

Commodity	Unit	1932	1935 (preliminary)
Wheat	Bushel	$0.380	$0.838
Corn	do	.318	.577
Oats	do	.157	.279
Barley	do	.220	.381
Rye	do	.276	.384
Buckwheat	do	.434	.535
Tobacco	Pound	.105	.185
Cotton	do	.0652	[1] .1110
Potatoes	Bushel	.396	.586
Hay (all)	Ton	6.26	7.28
Apples	Bushel	.596	.718
Hogs	Hundredweight	3.34	8.36
Beef cattle	do	4.25	6.21
Veal calves	do	4.91	7.10
Lambs	do	4.46	6.90
Rice	Bushel	.419	.624
Chickens	Pound	.109	.149
Butter	do	.208	.265
Eggs	Dozen	.142	.230
Milk (wholesale)	Hundredweight	1.29	1.71

[1] Average for marketing season to Dec. 1.

INCREASED FARM INCOME

Rise in farm prices since adjustment programs were put in effect has meant a substantial improvement in farm income. Cash income from farm production in the United States was $4,377,000,000 in 1932, $5,131,000,000 in 1933, $5,673,000,000 in 1934, $6,420,000,000 in 1935. In addition to this, farmers participating in the adjustment programs received cash income from the rental and benefit payments portion of their price of $278,000,000 in 1933, $594,000,000 in 1934, $480,000,000 in 1935.

Total farm cash income from production in 1935 was thus $6,900,000,000, an increase of $2,523,000,000, or nearly 58 percent, over the 1932 figure of $4,377,000,000. Rental and benefit payments

related to 1935 production accounted for about $480,000,000 of this increase, or about 19 percent.

Between 1932 and 1935 the income from cotton, tobacco, wheat, corn, and hogs increased about 90 percent, including rental and benefit payments. This compares with an income increase of 43 percent for all other farm products. Including rental and benefit payments, the cash income of cotton farmers increased from $464,000,000 in 1932 to about $877,000,000 in 1935; that of wheat growers from $196,000,000 to approximately one hundred and eighty-one million; that of tobacco producers from $108,000,000 to about $254,000,000; and that of corn-hog raisers from $597,000,000 to approximately $981,000,000.

CASH INCOME AVAILABLE FOR FARM LIVING

Improvement in farm cash income from 1932 to 1935 was particularly significant in terms of cash income available for farm living. Cash available to agriculture from 1935 income, after making deductions for wages, operating expenses, taxes, and interest, is estimated at $3,575,000,000. This is the largest cash return available for farm living since 1929 and nearly two and a half times as large as the return for 1932. The cash return to agriculture as an industry from 1932 production was $1,473,000,000; from 1933 production, $2,548,000,000; and from 1934 production, $3,257,000,000.

IMPROVED FARM REAL-ESTATE SITUATION

A general upturn in farm real-estate values—the first since 1920—and a reduction in the frequency of distress sales have accompanied the increased farm prices and income. From its 1933 low of 73 percent (1912–14=100) the Bureau of Agricultural Economics index of estimated value per acre of farm real estate rose to 76 in the year ended March 15, 1934, and to 79 by the year ended March 15, 1935. The increasing prices of agricultural products, the expanded credit facilities of the Farm Credit Administration, and the Agricultural Adjustment programs contributed largely to this rise.

While there has been an increase in the number of voluntary farm real-estate sales and trades since 1932, there has been a decrease in the number of forced sales. In 1932, 16.2 farms per thousand were sold and traded voluntarily, while the number sold because of delinquent taxes, foreclosures, bankruptcies, etc., was 41.7 per thousand. But with the year ending March 15, 1935, while the number of voluntary farm real-estate sales and trades increased to 19.4 farms per thousand, the number of forced sales and related defaults decreased to 28.3 per thousand. Indications point to a still greater improvement in these prospects for the real-estate year ending March 15, 1936.

REDUCTION OF SURPLUSES

The primary problem before American farmers in 1933 was the reduction of the surpluses which were weighing down farm prices. Much of the general improvement in the agricultural situation since then has been made possible because adjustment programs and other measures enabled farmers to reduce these surpluses.

The world carry-over of United States cotton, which was 12,960,000 bales at the beginning of the 1932–33 cotton season, was reduced to 10,634,000 bales at the beginning of the 1934–35 season. By the beginning of the 1935–36 season on August 1, 1935, it had been reduced to approximately 9,000,000 bales.

When the 1934 tobacco-adjustment program started, the total supply of United States tobacco in this country was 3,650,000,000 pounds. A normal supply for the level of consumption then prevailing would have been about 2,900,000,000 pounds. The existing supply thus gave a surplus of some 750,000,000 pounds. By the end of 1935 this surplus had been reduced by about one-third, to around 500,000,000 pounds.

The wheat carry-over on July 1, 1933, was at an all-time high of 393,000,000 bushels. Largely because of the short crop of 1933, the carry-over had, by July 1, 1934, been reduced to 290,000,000 bushels. As of July 1, 1935, it had been reduced to 152,000,000 bushels. Two successive years of short crops, accompanied in 1933 and 1934 by the adjustment programs, have been responsible for reducing the surplus of wheat. The problem now before the American wheat grower is largely that of maintaining such an adjustment that a burdensome surplus will not reappear.

TABLE 2.—*Annual carry-over of major crops, 1932–33 to 1935–36*

Year	Cotton (world carry-over of American, in bales)	Corn (bushels)	Wheat (bushels)	Tobacco (pounds as of July 1)
1932–33	12,960,000	269,683,000	384,564,000	2,238,738,000
1933–34	11,588,000	377,654,000	393,291,000	2,099,037,000
1934–35	10,634,000	330,543,000	289,111,000	2,213,997,000
1935–36	9,009,000	64,117,000	150,000,000	2,161,081,000

Number of hogs (including pigs) on farms, Jan. 1

1932	59,301,000
1933	62,127,000
1934	58,621,000
1935	39,004,000
1936	42,541,000

SURPLUSES REMOVED BY GOVERNMENT PURCHASE

In addition to surplus reduction through adjustment programs, surpluses of several farm products have been purchased by the Government and removed from the market in order to support prices for these products. These commodities have for the most part been distributed through relief channels.

A program for removing surplus agricultural products from commercial channels was begun late in 1933. It was coordinated with the drought-relief activities during the drought of 1934. The program included purchases, for relief distribution, of hogs and pork products, dairy products, and sugar. Drought-relief activities included buying and salvaging for relief use of surplus cattle, sheep, and goats which otherwise would have died under the existing drought conditions. Also, feed, forage, and stocks of adapted seed varieties were conserved for sale and distribution to farmers in the drought areas for 1935 seedings.

Including the drought cattle-purchase program and the seed-conservation program, in reality a surplus-removal as well as a drought-relief operation, expenditures by the Agricultural Adjustment Administration in these surplus-removal activities amounted to approximately $204,801,642 at the close of 1935. Of this amount, about $45,623,169 was spent for the removal of surplus hogs and pork products. From this operation were recovered products valued at $24,748,007 that were distributed to relief or sold as grease and tankage. Market value of surplus dairy-products purchases, delivered and distributed to the needy, totaled $22,626,432. Surplus butter delivered was valued at $16,425,059; cheese, at $3,065,878; evaporated milk at $2,223,487; and dry skim milk at $912,008. The market value of domestic beet sugar purchased by the A. A. A., as a surplus-removal and relief-operation value, amounted to $365,536. This does not include approximately 2½ million pounds of Michigan beet sugar already delivered, but for which no vouchers have been received.

THE DROUGHT EMERGENCY

While the reduction in cotton and tobacco carry-overs has been largely due to the adjustment programs, the heavy reduction in wheat, corn, and other grains in 1934, and the reduction in livestock numbers—a necessary accompaniment of the reduction in food grains and pasture—was largely due to the drought.

The first problem in agricultural adjustment was that of surpluses. The second was the drought and the shortages which it brought. The number of cattle on farms when the drought appeared was the highest in more than a decade. The drought cut the supplies of water, feed, and forage supplies far below the needs of these cattle, and producers were forced either to sell their stock without regard to the effect on prices or to let them die of thirst and starvation.

The Government purchased 12,240,262 head of cattle, sheep, and goats at a cost of $119,256,056. Purchases, by States, are shown in table 3.

TABLE 3.—*Drought-relief purchases of cattle, sheep, and goats through Dec. 31, 1935*

State	Cattle		Sheep		Goats		Total	
	Number of head	Payments	Number of head	Payments	Number of head	Payments	Number of head	Payments
Arizona	101,390	$1,448,761	11,347	$22,694	21,608	$30,251.20	134,345	$1,501,706.20
Arkansas	137,775	1,593,607	94	188			137,869	1,593,795.00
California	19,784	305,715	23,206	46,412			42,990	352,127.00
Colorado	289,588	4,147,938	207,195	414,390	3,427	4,797.80	500,210	4,567,125.80
Florida	16,335	224,161					16,335	224,161.00
Idaho	41,807	522,394	145,664	291,328	36	50.40	187,507	813,772.40
Illinois	2,587	42,650					2,587	42,650.00
Iowa	23,073	326,609	1,767	3,534			24,840	330,143.00
Kansas	521,171	7,526,018	9,569	19,138	149	208.60	530,889	7,545,364.60
Louisiana	57,016	565,533					57,016	565,533.00
Minnesota	257,473	3,766,418	6,561	13,122			264,034	3,779,540.00
Missouri	511,465	7,476,005	7,575	15,150	468	655.20	519,508	7,491,810.20
Montana	349,989	5,021,002	491,775	983,550	9	12.60	841,773	6,004,564.60
Nebraska	480,881	6,599,725	24,671	49,342			505,552	6,649,067.00
Nevada	36,272	568,089	99,260	198,520	190	266.00	135,722	766,875.00
New Mexico	547,249	7,333,959	299,341	598,682	22,592	31,628.80	869,182	7,964,269.80

TABLE 3.—*Drought-relief purchases of cattle, sheep, and goats through Dec. 31, 1935*—Continued

State	Cattle		Sheep		Goats		Total	
	Number of head	Payments	Number of head	Payments	Number of head	Payments	Number of head	Payments
North Dakota	970,984	$13,681,540	84,023	$168,046			1,055,007	$13,849,586.00
Oklahoma	503,459	5,741,557	2,270	4,540			505,729	5,746,097.00
Oregon	12,482	184,300	162,779	325,558	1	$1.40	175,262	509,859.40
South Dakota	915,039	13,124,556	148,900	297,800	32	44.80	1,063,971	13,422,400.80
Texas	2,015,621	24,538,947	1,091,338	2,182,676	283,221	396,509.40	3,390,180	27,118,132.40
Utah	126,095	1,755,458	205,551	411,102	17,981	25,173.40	349,627	2,191,733.40
Wisconsin	56,916	866,140					56,916	866,140.00
Wyoming	285,697	4,185,022	586,768	1,173,536	746	1,044.40	873,211	5,359,602.40
Total	8,280,148	111,546,104	3,609,654	7,219,308	350,460	490,644.00	12,240,262	119,256,056.00

Because of starvation and thirst, approximately 3,950,000 of these animals were unfit for food purposes and were condemned. The remaining animals were given to the Federal Surplus Relief Corporation for slaughter largely for distribution to those on relief. From them were obtained approximately 766,598,000 pounds of beef and veal of all kinds, 20,741,700 pounds of mutton, and 195,000 pounds of goat meat.

These livestock purchases relieved commercial channels of the pressure by the distressed stock and alleviated the glutting, which would have forced prices still lower. Furthermore, as a result of this measure, farmers whose cattle would otherwise have died on the range had money with which to rebuild their herds on a better basis, many of the inferior animals having been culled out.

When in the early summer of 1934 it became apparent that for the 1935 seedings there would be an acute deficiency of adapted varieties of seed wheat, oats, barley, and flax in the drought areas, the Agricultural Adjustment Administration began a seed-purchase program with a $25,000,000 allocation from emergency funds. Adapted varieties of seed were purchased and prepared for distribution during the 1935 planting season. Expenditures for seed grain, in 20 States and in Canada, as shown in table 4, totaled $16,841,960.63 through December 31, 1935.

Sales were made for cash to farmers who were able to purchase, and seed was transferred to the Federal Emergency Relief Administration to be used in relief.

The livestock and seed purchase programs were only part of the relief brought to the drought-stricken farmers by the Agricultural Adjustment Administration. The benefit payments due them under the wheat and corn-hog programs were calculated on production during a previous base period, rather than on the current year's production, and consequently served as a form of crop-income insurance. Rental and benefit payments in the 23 States in the drought area totaled $786,593,652.63 at the close of 1935.

DROUGHT AND CURRENT AGRICULTURAL IMPORTS

The unparalleled drought of 1934 is directly connected with the volume of imports of agricultural commodities into this country in 1934 and 1935. While it is true that at no time since before the depression were our imports of grain, meat, and butter so large as during 1934 and 1935, these imports are insignificant in comparison with the domestic production and consequently in their effect on prices to United States farmers. For the most part they were due to losses caused by the drought rather than to adjustment programs. For example, whereas the estimated 1934 wheat loss from drought amounted to 36 percent of the average 1929–32 annual production, the A. A. A. reduction amounted to only 6.3 percent. On the same basis the corn loss due to drought was approximately 39 percent, the adjustment program accounting for only 7.1-percent reduction.

TABLE 4.—*Emergency seed purchases, Aug. 8, 1934, to Dec. 31, 1935*

State	Bushels	Amount expended
Arizona	17,183.36	$23,813.87
California	30,186.35	32,383.96
Colorado	35,803.43	36,821.51
Idaho	39,792.40	29,741.36
Illinois	359,004.81	219,760.69
Indiana	65,954.37	39,418.16
Iowa	1,357,409.18	796,018.72
Kansas	215,400.57	149,246.87
Minnesota	7,827,318.25	6,240,936.56
Missouri	135,426.25	98,637.61
Montana	1,994,270.60	2,060,251.35
Nebraska	252,004.29	162,478.02
New Mexico	1,200.00	1,836.00
North Dakota	3,160,422.86	3,643,615.00
Oklahoma	57,161.88	36,567.46
Oregon	1,470,112.69	1,027,325.52
South Dakota	64,914.63	68,163.10
Texas	26,767.89	23,418.45
Washington	618,986.47	432,245.93
Wisconsin	351,828.12	232,183.33
United States total	18,081,148.40	15,354,863.47
Canada	976,150.91	1,487,097.16

The proportion borne by the imports of grains, to the total domestic production, even during the drought period, is apparent when combined production of the principal feed and cereal grains—wheat, corn, oats, barley, and rye—measured in tons, is compared with the combined tonnage of imports of the same grains. In the crop year 1934–35 this production was approximately 50,711,461 tons, a drop of 49 percent, or 47,446,071 tons, from the 1928–32 average production.

In the same crop year the imports of these grains totaled about 2,267,837 tons, or 4.4 percent, of the reduced domestic production for the year, 2.3 percent of the average annual production; and only 4.7 percent of the difference between 1934–35 production and the annual average production. The tonnage of imports of these grains in 1934–35 rose from the 5-year average of 506,501 tons to 2,267,837 tons, an increase of 1,761,336 tons. But this increase in imports amounted to only 3.7 percent of the decrease in production.

During the first 6 months of the crop year 1935–36 for which figures are available, imports of grains amounted to approximately 1,185,808 tons and were dropping rapidly as the effect of the increased 1935–36 domestic production was felt. In oats and rye, for example, imports had dropped to zero in January 1936.

SOIL CONSERVATION AND THE A. A. A.

The Soil Conservation Service estimates that approximately 50,000,000 acres of farm land in the United States is already so badly eroded as to be essentially unfit for production of cultivated crops; that another 50,000,000 acres is in almost as bad a condition; that there are now in cultivation 100,000,000 acres of land seriously impaired by erosion, and another 100,000,000 acres on which erosion has begun. Part of this condition has been due to the plowing up of grasslands which should have stayed in sod. Part has been due to the farmers' inability, in the face of distressingly low prices for their products, to take proper care of their farm land. A recent report from the National Resources Committee to the President pointed out that "* * * in another century this great American granary may have become inadequate to support our population if erosion is permitted to continue at the present rate of increase."

The programs of agricultural adjustment, from their launching in the spring of 1933, were concerned with good use of the land of cooperating farmers, as well as with adjustment of the acreage of surplus crops into line with effective demand. The adjustment programs supplemented those of the Soil Conservation Service, the Forest Service, the Resettlement Administration, the State experiment stations, the Agricultural Extension Service, and other agencies, in dealing with the land problem. Farm leaders and administration officials recognized from the start that relieving a proportion of farm land from the soil-exhausting burden of major crop production created an unprecedented opportunity for putting this land to the soil-conserving uses which farm specialists had been advocating for many years.

Provisions were included in contracts offered to more than 3,000,000 cooperating farmers which would insure that the acreage taken out of surplus crops would be put to beneficial uses. The first corn-hog contract, offered for the crop year 1934, authorized use of the rented acreage only "for planting additional permanent pasture, for soil-improving and erosion-preventing crops not to be harvested, for resting or fallowing the land, for weed eradication, or for planting farm wood lots." The first wheat contract, covering the 1933 period, contained similar provisions with respect to the rented acreage. The cotton contract for 1934–35 specified use of the rented acres only for "soil-improving crops, erosion-preventing crops, food crops for consumption by the producer on his farm, feed crops for the production of livestock or livestock products for consumption or use by the producer on his farm, or fallowing, or such other uses as may be permitted by the Secretary of Agriculture or his authorized agent." Food and feed crops for home use were authorized on rented acres in the South, because it was recognized that the standard of farm living in this region, which contains half of the farm population of the country, might thereby be improved. The tobacco contracts carried similar provisions.

In the 1934 crop year, the first in which the adjustment programs were in full swing, farmers agreed to shift their production on nearly 36,000,000 acres. This was an acreage as large as all the acreage harvested in 1931 in the States of New York,

Pennsylvania, Virginia, Ohio, and Indiana. It represented 1 out of every 9 acres of cultivated land in the country.

This acreage shifted from intensive major-crop production was distributed through 46 States, as table 5 shows. The largest proportions were in the chief agricultural States, the States where agricultural land is most valuable and most worth conserving. Farmers in Kansas, for example, shifted 2,867,000 acres from corn and wheat; in Iowa, 2,567,000 acres were shifted, mostly from corn; in Nebraska the contracted acreage was 2,253,000; in Illinois, 1,722,000 acres; and so on.

It has been estimated that about one-third of these 36,000,000 shifted acres were put in pasture or meadow crops; approximately another third were used for emergency forage crops and for crops that supplied food and feed for home use; and that the remainder were fallowed, planted to farm wood lots, or left idle. The acreage left idle was very small.

"The most significant change in the use of farm and ranch lands in the United States between 1929 and 1934 was the large increase in the acreage used for pasture or grazing", according to the Bureau of the Census. "In 1934 land in farms and ranches in the United States used for pasture or grazing, other than that from which crops were harvested, amounted to 517,900,401 acres. This was an increase of 53,745,877 acres, or 12 percent, over the 464,154,524 acres reported as pastured or grazed in 1929. This increase was rather general throughout the country with the largest gains in the Southeastern and Gulf coastal areas, in the Great Plains Region, and in the Mountain States. The largest percentage of increase was in the South Atlantic States, with the pasture acreage increasing from 21,794,426 acres to 25,541,975 acres, or a gain of 17 percent. For the most part the increased acreage in pasture represented farm land not suitable for crops and, to a lesser extent, a shift from land formerly used for crops."

TABLE 5.—*Estimated rented acres by States and by commodities from which withdrawn, 1934* [1]

	Corn, contract acres	Wheat, contract acres	Cotton, contract acres	Tobacco (all types), contract acres
Maine				
New Hampshire	10			102
Vermont				123
Massachusetts	10			5,138
Rhode Island				
Connecticut	10			11,559
New York	600	1,871		1,242
New Jersey	500	506		
Pennsylvania	6,000	13,339		21,248
Ohio	465,000	92,889		32,332
Indiana	672,000	112,504		4,444
Illinois	1,570,000	151,821		37
Michigan	70,000	36,905		
Wisconsin	159,440	2,167		32,861
Minnesota	571,660	128,395		1,700
Iowa	2,545,000	21,741		
Missouri	1,090,000	105,013	145,693	2,888
North Dakota	188,700	1,521,635		
South Dakota	1,025,000	543,026		
Nebraska	1,854,000	399,336		
Kansas	1,020,000	1,847,244	332	181
Delaware	1,850	5,505		
Maryland	21,000	43,579		2,150
Virginia	45,000	32,114	23,440	38,272
West Virginia	10,000	4,946		2,324
North Carolina	32,000	3,297	499,697	184,771
South Carolina	20,000		712,998	28,840
Georgia	9,500	627	1,198,657	22,145
Florida	17,000		43,280	1,778
Kentucky	140,000	20,958	5,248	259,662
Tennessee	172,900	10,449	391,591	42,820
Alabama	30,800		1,287,280	91
Mississippi	3,700		1,467,364	
Arkansas	39,500	272	1,312,297	29
Louisiana	5,620		727,679	
Oklahoma	233,000	543,015	1,269,982	
Texas	223,000	546,020	5,330,947	
Montana	5,000	653,292		
Idaho	1,000	147,653		
Wyoming	44,000	35,885		
Colorado	320,000	225,921		
New Mexico	40,000	57,142	44,093	
Arizona	900	925	62,843	
Utah	500	31,519		
Nevada	86	1,290		
Washington		292,477		
Oregon	500	127,075		
California	12,000	67,633	61,760	
Puerto Rico				[2] 17,748
Total	12,655,986	7,829,986	14,585,181	696,746

[1] Estimated by commodity sections of Agricultural Adjustment Administration.
[2] Not included in totals.

Total acreage, 35,767,899.

In a series of six referendums a total of 4,256,439 producers' votes were cast. Votes for continuation of the various programs and measures totaled 3,693,732, or 86.8 percent of the votes cast. Tabulations of the results in the different referendums are as follows:

TABLE 6.—*Votes in farmers' referendums on continuation of agricultural-adjustment measures*

Measure on which held	Number of producers voting	Number of votes for continuation	Percentage of votes for continuation
Wheat program (1936–39)	466,720	404,417	67.0
Bankhead Cotton Act in 1935	1,521,954	1,361,418	89.5
Corn-hog program for—			
1935	550,445	379,401	68.9
1936	[1] 941,403	[1] 813,063	[1] 86.37
Kerr-Smith Tobacco Act for 1935	[2] 398,867	374,973	94.0
Adjustment program for 5 types of tobacco in 20 States, 1935	377,050	360,460	95.6
Total	4,256,439	3,693,752	86.8

[1] Preliminary. [2] Estimated.

FARM BANKRUPTCIES AND BANK FAILURES

After 2 successive years of marked increases, farm bankruptcies declined 20 percent in the fiscal year ending June 30, 1934, as compared with the preceding year. This decline was a greater relative decline than that for any other occupational group in the country except merchants. The latest data available on farmer bankruptcies are those for the year ended June 30, 1934.

In 1931 banks to the number of 1,705 failed in towns of less than 5,000 population. Another 1,129 failed in 1932. The greater part of the more than 4,000 banks whose position early in 1933 was too weak to enable them to obtain licenses after the moratorium were country banks.

After the bank moratorium, till the end of 1933, figures for the whole country show that while 1,121 of the nonlicensed banks went into liquidation or receivership, only 179 others failed. For the whole year 1934, 927 nonlicensed banks failed, but only 57 licensed banks.

FARM RECOVERY AND INDUSTRIAL PICK-UP

The farmer's increased purchases of city-made goods is making itself felt in the industrial areas of the country.

This has been most clearly evidenced, perhaps, in the case of the automobile industry. Now, automobile registrations in the United States increased from 1,276,524 in 1932 to 1,739,663 in 1933, to 2,292,443 in 1934, and to 3,253,591 in 1935. The increase from 1932 to 1935 was 155 percent.

The relationship between this increased automobile business and increased farm income has been recognized by the automobile industry itself. Automobile Fact and Figures, a publication of the Automobile Manufacturers' Association, points out that the 1934 retail-sales gain was greatest in small towns and on farms, evidenced by the fact that new passenger-car registrations in towns under 10,000 population increased 38 percent over the 1933 figures, where as in cities over 10,000 population the increase amounted to only 18 percent.

The value of sales by large mail-order houses, which do a large proportion of their business with farmers, has shown steady increases. The monthly average sales of these firms were: $38,345,000 in 1932, $39,775,000 in 1933, $49,640,000 in 1934, and $59,878,000 in 1935. The value of sales averaged higher in 1935 than in any period since 1929.

The value of rural retail sales in 1935 for the Nation as a whole, was higher than in any other year since 1929. The 1935 sales value increased 58 percent over that in 1932 and 44 percent in 1933. When compared with 1934, the increase in total sales was largest in the South, which showed a gain of 20 percent. The Far West came next, with a gain of 19.5 percent, while the remaining sections of the country showed an 18-percent gain over 1934.

A study recently made by the Agricultural Adjustment Administration of carlot shipments of industrial products over 4 railroads from 16 industrial States of the Northeast to 10 agricultural States of the Southeast shows that shipments in the year ending July 1, 1934, were 816,302,238 pounds, or 38.8 percent greater than in the preceding 12 months.

Fertilizer tax tag sales, compiled for 17 Southern and Midwestern States only, indicate increased purchases of fertilizer since 1933. During 1933 the equivalent tons purchased in these 17 Southern and Midwestern States totaled 3,342,855. For 1934, purchases aggregated 3,838,875 equivalent tons. For 1935, purchases aggregated 4,317,860 equivalent tons, or an increase of 29 percent over 1933.

According to the American Petroleum Institute, gasoline consumption in the United States increased from 15,436,324,000 gallons in 1933 to 17,632,143,000 gallons in 1935, an increase of 14 percent.

Sales of new ordinary life insurance for the Nation as a whole increased from $5,623,660,000 in 1933 to $6,181,255,000 in 1935, or an increase of 10 percent.

Improved banking conditions are further indications of increased business activity. Monthly statements issued by the Federal Reserve System indicate that debits to individual accounts increased greatly from 1932 to 1935. For 1932 debits in 141 centers throughout the United States totaled $322,365,547,000. By 1934 they had risen to $331,937,074,000, and a preliminary estimate shows that by 1935 debits in these reporting centers stood at $375,423,826,000, or 16 percent above the 1932 figure.

Individual deposits, including both savings and commercial deposits, in banks throughout continental United States aggregated $41,720,194,000, an advance of $6,173,787,000, or 17 percent for the year ending June 29, 1935, in comparison with the year closing June 30, 1933. These figures are based on reports received by the savings division of the American Bankers Association.

The number of all commercial failures dropped steadily and rapidly from 1932 through 1935. From a high of 31,822 in 1932 such failures declined to 20,307 in 1933, to 12,185 in 1934, and to 11,879 in 1935. Commercial failures in 1935 therefore amounted to only 37 percent of those in 1932.

Other indexes show further improvement. Estimates by the Bureau of Labor Statistics indicate that expenditures for building operations in 257 identical cities aggregated $382,389,451 in 1933, compared with $655,213,410 in 1935. This represents an increase of 71 percent.

Employment and pay rolls in manufacturing industries are also on the upturn. The average number of persons employed in these industries jumped from a low of 5,374,000 in 1932 to 6,891,000 in 1935, thereby increasing 28 percent. During the same period the average weekly pay roll of these industries rose from $93,757,000 to $142,990,000, or 53 percent.

Further indications of general recovery, as influenced in part by the adjustment programs and other recovery measures, are shown in table 7.

TABLE 7.—*Key indexes of the recovery, 1932–35*

	Percentage change 1935 related to—	
	1932	1934
Prices:		
All commodities, wholesale [1]	+24.7	+7.9
Nonagricultural, wholesale [1]	+17.4	+4.3
Finished products, wholesale [1]	+16.9	+5.1
Raw materials, wholesale [1]	+39.9	+12.4
Farm products, wholesale [1]	+63.5	+20.7
Retail prices of food [1]	+17.9	+9.1
Prices received by farmers [2]	+66.2	+20.0
Prices paid by farmers [2]	+16.8	+1.6
Production:		
Net agricultural production [2]	−9.0	0.0
Agricultural marketings [2]	−10.7	−8.5
Production of manufactures [4]	+42.9	+15.3
Production of minerals [4]	+28.2	+5.8
Construction contracts awarded [4]	+36.5	+19.5
Stocks of raw materials:		
Metals [3]	−27.8	−14.2
Textiles [3]	−16.6	−10.7
Food and raw materials, world [3]	−20.4	−13.7
Commerce and trade:		
Carloadings, l. c. l. [4]	−11.1	−1.5
Total carloadings [4]	+12.5	+1.6
Passenger traffic [5]	+6.9	+.6
Total domestic exports, value [6]	+42.3	+6.8
Exports of farm products (volume) [2]	−38.3	−13.4
Agricultural exports, value [6]	+13.0	+1.9
Other exports (nonagricultural) [6]	+63.5	+9.4
Total imports, value [6]	+54.1	+24.6
Agricultural imports, value [6]	+65.6	+28.9
Other imports (nonagricultural) [6]	+40.9	+18.6
Passenger-car registrations [3]	+150.3	+45.3
Department store sales [4]	+12.0	+5.0
Rural retail sales [2] [7]	+57.5	+18.8
Fertilizer sales [8]	+50.5	+10.8
Agricultural implement sales [9]	+260.5	+72.5
Finance:		
Bank debits [4]	+16.5	+13.1
Bank suspensions [4]	−93.5	−90.5
Commercial failures [3]	−59.5	−2.5
Bank deposits [4] [10]	+14.5	+6.5
New capital issues [4]	+23.4	+2.6
Industrial stock prices [11]	+85.0	+21.6
Aggregate value of industrial stocks [12]	+65.9	+10.7
Corporate bond prices [4]	+27.7	+5.9
U. S. Government bond prices [4]	+7.2	+2.8
Number of shares traded [3]	−10.2	+17.9
Income and wages:		
National income excluding farm [13]	+11.3	+5.8
Factory pay rolls [1]	+52.3	+13.4
Dividend payments [14]	+1.1	+9.6
Pay rolls in—		
Wholesale trade [1]	+2.0	+4.0
Retail trade [1]	−1.9	+2.0
Farm cash income (with benefits) [2]	+57.7	+10.0

[1] Bureau of Labor Statistics.
[2] Bureau of Agricultural Economics.
[3] Survey of Current Business.
[4] Federal Reserve Board.
[5] Revenue passengers carried 1 mile on class I steam railways, Interstate Commerce Commission.
[6] Foreign Agricultural Service.
[7] 3 large mail-order companies, and a large group of chain units operating in small towns and agricultural regions of the country. This sample represents about one-fifth of all general merchandise sales in places of less than 30,000 population. An estimate by the Agricultural Industrial Relations Section, A. A. A., of total farm retail sales shows a gain of 19 percent from 1932 to 1935 and a gain of 23 percent (preliminary) from 1934 to 1935.
[8] National Fertilizer Association.
[9] Estimated wholesale value based on Interstate Commerce Commission carloadings reports (first 3-quarter figures).
[10] Nov. 1, 1935, partly estimated and reported figure for Dec. 31, 1932, for all banks exclusive of interbank deposits.
[11] Dow-Jones, monthly average 30 industrials.
[12] New York Stock Exchange.
[13] Agricultural Adjustment Administration, Program Planning Division.
[14] New York Times.

Mr. CONNALLY. Mr. President, the Senator from Texas does not quite agree with some of the strictures which some of his colleagues seem to have passed upon the Senator from Michigan [Mr. VANDENBERG]. I greatly sympathize with the Senator from Michigan, because I realize that he is engaged in seeking after truth and information. I admire the man who is always struggling for more information, more enlightenment, more knowledge regarding great public questions.

I remember when as a young boy I first knocked at the door of the public school. I did not do it voluntarily. I did it because my father and mother, with rather great insistence and threat of a hickory switch, urged that I attend—and I attended. But the man who has an innate and overwhelming passion for knowledge and information is the man I admire, and that is why I desire to second in every way I can the efforts of the Senator from Michigan. I do not mean the idle curiosity of the gossip who merely wants to mull over the sordid and venal details of some neighborhood story; I do not mean the manifestations of interest which sometimes actuate a senatorial committee in boring into the seemingly private affairs of individuals; nor do I refer to the rabid desire of some newspaper correspondents to publish all the horrible details of crime and other events. But here is the Senator from Michigan in a sincere search for the truth. He wants to know about the big farmers. He is not concerned with the little farmer. He is for the little farmer. There are a great many more little farmers than there are big farmers, so the Senator from Michigan is perfectly willing to vote out of the Treasury generous amounts for the small farmer; but the big farmer is the object of his wrath.

Mr. President, I am surprised that the Senator from Michigan did not have the statesmanship and the foresight to realize, when the A. A. A. bill was pending, that the big farmers were going to get something out of that measure. I wonder why he did not offer an amendment graduating the rates as he now proposes. If he had done that and we had adopted the amendment, these horrible things would not have occurred, and the country would not have been shocked at the prospect of a farmer somewhere getting more than $10,000 in benefits.

But we have now no bill before us for consideration. The A. A. A. is a thing of the past. It has gone down before the decision of the Supreme Court. We have passed another agricultural-relief bill, but I have no recollection that the Senator from Michigan offered any amendment to the soil-conservation bill. Why did he not advance at that time the suggestion he has made today? Other Senators did not have the initiative, we did not have the foresight, we did not happen to think about it, but the Senator from Michigan sat here in the Senate with that secret wrapped up in his bosom and refused to let us know anything about it.

As a matter of fact, let us see how the Senator's plan would have worked if we had adopted it. He would have denied the large farmer anything except a very small benefit for reducing his production. The result would have been that the large farmers would not have reduced; they would not have come into the program, while the small farmers would have come in, and the result would have been that the large farmers, like all large concerns do, would soon have monopolized agriculture, and the little farmer, about whose interests the Senator is so greatly concerned, in large measure would have disappeared from the picture because the field would have been occupied by the large farmer.

Mr. BARKLEY. Mr. President——

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

Mr. CONNALLY. I yield.

Mr. BARKLEY. The Senator knows, of course, as we all do, that wherever and whenever the farmer has tried to organize without any encouragement on the part of the Government, the organizations have frequently and usually broken down because of the willingness of a few to stay on the outside and do as they please and reap the rewards of those who cooperated in order that they might benefit the condition of all. If the large farmers to whom the Senator

from Michigan has referred, who are now being discussed by the Senator from Texas, by reason of the smallness of their proportionate reward for any curtailment had remained out, the story of agriculture in this country in the last 3 years would have been quite different from what it is.

Mr. CONNALLY. Of course. Selfishness operates on farmers just as it does on Senators. Therefore, naturally, the big farmer is going to do that which he thinks is to his advantage or to his interest. Had he been excluded from the benefits of the measure he would have gone out and gotten all the benefits he could outside of the program and to that extent would have destroyed or lessened the effectiveness of the Government's program.

Why is it, I ask the Senator from Michigan, when for the first time in the history of the Government Congress has really done something to aid agriculture, when for the first time since the War between the States political parties have kept their promises to give agriculture somewhat of an even break with industry, that that is made the occasion for the assault by the Senator from Michigan?

Not only was the Senator from Michigan opposed to the A. A. A. bill, but now that it is buried and the green grass is growing over its grave, the spirit and spleen of the Senator from Michigan are not content, but he must desecrate its grave and heap odium upon that which he fears did something substantial for agriculture.

Mr. President, I have offered an amendment to the pending resolution. I hope it may be adopted. It is brief. It calls for information. It emulates the example of the Senator from Michigan in seeking information. The amendment asks the Tariff Commission, and it already has the information I am sure, to advise the Senate the names and gross business of three—I am not asking for all of them, but only of three—corporations in those respective fields which did the largest gross business in 1924. The first one is aluminum. Why is not the Senator from Michigan concerned with the great profits made by the Aluminum Trust under the sheltering protection of the Government of the United States? Where did its inordinate profits come from except that it sells here in a highly protected market with palisades erected by law lifted up to keep out any foreign competitor?

The former Secretary of the Treasury, Mr. Mellon, under the administration of the party to which the Senator from Michigan belongs, reaped untold millions of profit from the aluminum industry, protected as perhaps no other industry in America is protected. Is there any inquiry here, or was there ever any inquiry at any time by the Senator from Michigan, asking the Treasury Department to tell us why Mr. Mellon gets his millions from the tariff-protected aluminum industry? But while perfectly willing for that sort of thing to go on, the Senator from Michigan is aroused, his spirit is in turmoil, because somewhere, somehow, some farmer, for the first time in history, was able to obtain from the Congress his first tariff benefit by reason of the A. A. A.

In the next classification, I ask about the steel industry. I should like to have the American people know, because the Senator from Michigan already knows—this is not for his information, but it is for the information of the American people—why it is that he is so content for the Steel Trust to reap millions upon millions of dollars from these same farmers. Every time the farmer sticks his plow in the ground he pays tribute to the Steel Trust. Every morning, when he unhooks his old hoe from the rack and goes out under the burning sun, amid the cockleburs and the crabgrass, to struggle with the cotton or with the corn, he must first pay tribute to the masters of steel who are taking down, by reason of the force of law of the United States, untold millions in profits. Yet the Senator from Michigan looks upon that exploitation of the steel master with complacency, and turns his gaze from the steel master, with his untold millions, to the poor, sweating farmer, and says, "Get a detective; go down and see if the farmer has not got a few dollars left in his jeans."

It reminds me of the effort of the Senator from Delaware [Mr. HASTINGS] when a few poor farmers were able to thumb their way to Washington last year, or to get up here in some way, to thank the administration for the enactment of the A. A. A. bill. Before they got out of town, the Senator from Delaware, actuated by the same kind of motive that moves the Senator from Michigan, submitted a resolution of investigation to see how the farmers got to Washington, who paid their way, and how they came to be here. He assumed, of course, that none of them had enough money to pay their own way, and under normal conditions they would not have had enough money.

I desire to know how much money the Bethlehem Steel Co. gets through the protective tariff when it cannot only pay its president, Mr. Eugene Grace, $100,000 in salary but in a single year paid to him a bonus of $1,650,000. Under the administration of Mr. Hoover, under the administration of the party to which the Senator from Michigan belongs, under the Smoot-Hawley Tariff Act, for which the Senator voted, if he was here, Mr. Grace, of the Bethlehem Steel Co., was able to filch from the treasury of that concern $1,650,000 as a bonus for a single year's work.

Oh, but that is all right. The Senator from Michigan, by his silence, says it is all right. We heard no outcry from the Senator from Michigan; we heard no resolution from the Senator from Michigan inquiring where that $1,650,000 came from—no inquiry, no interest, no care, no concern—but if a farmer, out of the sweat and the blood of his toil, gets a little handful of money, the Senator from Michigan wishes to ferret it out. He wishes to placard it before the world: "Look at this profiteer. Look at this highwayman, this farmer, who, for the first time in his life, got any of the advantages of government."

Who paid the $1,650,000 to Mr. Grace, of the Steel Trust? It was the farmer who paid for it, in the tires on his wagons, in the steel in his plows and in his hoes, and in all the implements that go to enable him by his toil to produce from the earth the things that feed the world.

Mr. President, when the Democrats came into power in 1933 the farmer stood pauperized in the presence of his own growing crops that fed a hungry world.

Yet because this party and this administration had the courage and the practical ability to frame a measure that did something for agriculture—it did not do much—we are presented with the spectacle of the Senator from Michigan, who in all probability will lead the hosts of his party next November if he is willing to serve, taking the public attitude of condemning the administration of the A. A. A. Act, thereby condemning the act itself. Let it go out from this Chamber today that the Senator from Michigan is not only opposed to the Agricultural Adjustment Act but he is opposed to the way in which it is administered on a basis of equality, on a basis of equity, on a basis of impartiality, to give to the large farmers, though few there be, the same measure of justice that is given to the small farmers.

I wonder if the Senator from Michigan will subscribe to any other doctrine than that. Does the Senator from Michigan believe that because one man has 200 acres of land, he ought to be treated differently from another man who has 100 acres of land? If the Senator does, he has introduced into this Chamber a new philosophy and a new political theory.

If Senators wish to reach the larger farmer, let them reach him by taxation. I am one who does not believe in the accumulation of great masses of land in the hands of one individual or in the hands of a corporation; but the way to distribute ownership is through taxation, or through a comprehensive land program to break up large holdings. When it comes to the administration of law, however, if all men are not equal under the law, we remove one of the best and one of the most treasured and one of the most sacred American traditions. When one man who stands before the bar of justice or before a Government department is to be treated in one way and another man is to be treated in another way, the very safeguards of our institutions are to be broken down.

Mr. President, in conclusion I ask for some other information. I wish to know about photographic cameras and films. I wish to know about chemicals and dyes. The chemical industry of America has received tremendous help from the Government. Great tariff favoritism has been shown to it. I desire the Tariff Commission to tell us about that while the Agricultural Department is telling us about some poor little one-horse farmer who, for the first time in his life, got a little taste of the things upon which these great masters and captains have fattened for more than half a century; and because he likes it, the Senator from Delaware [Mr. HASTINGS] and the Senator from Michigan [Mr. VANDENBERG] are outraged. I desire to know about electric appliances and equipment, and cellophane and rayon. I should like to know something about plate glass, which has its headquarters yonder in Pittsburgh, and which has reaped millions upon millions of profits from the people of America. I should like to know about cast-iron pipe and fittings, and articles manufactured of tin.

This information is available. While the Senator from Michigan is searching out information about the farmers, let us get also some information on the other side of the books. While we are getting a picture of the farmer's profits and his benefits, it is fair, I think, to get something on the other side of the ledger, as to his burdens and his obligations.

How can the Budget be properly balanced unless the credits and the debits are shown? The Senator from Michigan wants to show all of the debits, he wants to show how the farmer is rolling in luxury. I want to show some of the profits which are made from his bending back and his aching body, along with the tremendous benefits which the Senator from Michigan points out.

Mr. President, I hope my amendment to the resolution may be adopted. I have no objection to the resolution. I do not believe that the operations of government ought to be secret. I believe in the fullest publicity of all things with respect to the relation of the Government to the citizen.

I have no objection to the Secretary of Agriculture giving the Senator from Michigan the information he seeks, but while we are on the hunt for that information, let us get something on the other side of the ledger which may in some degree justify the small pittance which the Government provided for the farmer through the Agricultural Adjustment Act, which was later declared to be unconstitutional.

Mr. BONE. Mr. President, I have sent to the desk an amendment which I proposed to add to the resolution as it is now drafted:

The amendment I propose reads as follows:

Provided further, That on the basis of the data submitted, the Senate Committee on Agriculture and Forestry shall report to the Senate the degree to which land ownership had by 1933 become concentrated in large corporate holdings with such recommendations as the committee may see fit to make to Congress.

My reason for proposing this addition to the resolution should be clear to all.

The Senator from Michigan [Mr. VANDENBERG] must have back of his resolution some idea besides merely a desire for publicity on payments.

In effect, the Senator deplores the large payments that have been made by the A. A. A., yet he has found no fault whatever with the manner in which the big payments were made. He has disavowed entirely any implication that there was any irreguarity in making the big payments. What, then, is the real essence of the criticism which the Senator is making? I have been thinking about that and have been trying to arrive at the really fundamental thought back of his resolution.

I have reached the conclusion which I believe everyone must reach who studies the matter closely. This conclusion is that the real criticism of the Senator from Michigan is against the alarming growth of corporation farming in this country. This must be what he is really driving at, because he cannot very well offer any criticism of a uniform system of making payments.

The fact is that paying small and large farmers the same per unit of land or production resulted in enormous sums going to a few big corporations. If that idea, that criticism, is the heart of the Vandenberg resolution, then I am 100 percent for doing something about it.

I think the Senate ought to study deeply into the reasons for the trend toward corporation farming on the Continent and in the islands. This used to be a nation of small landowners—a nation of farmers whose farms were their homes. If the present trend keeps up it will become a nation in which the agricultural resources of the Nation will be in the hands of land barons and corporation farmers.

The trend toward concentration of land ownership was running strong through the decade from 1920 to 1930.

The number of farms in this country operated by tenants increased over 200,000, or 8.5 percent during those years, as shown by the following figures:

Number of farms operated by tenants

1920	2,454,804
1925	2,462,608
1930	2,664,365

This shows a step-up of 8.5 percent in a decade.

But while the tenant-operated farms were increasing so rapidly in number, the total number of all farms was decreasing 2.5 percent.

All land in farms increased 3.2 percent during this decade, while land operated by tenants increased 15.6 percent.

Of all farm operators in 1920 tenants operated 38.1 percent.

Of all farm operators in 1925 tenants operated 38.6 percent.

Of all farm operators in 1930 tenants operated 42.4 percent.

After the depression hit agriculture mortgage holders began gobbling up farms right and left through foreclosure. That was what Secretary Wallace meant when he pointed out that the collapse of farm prices in 1932 forced great numbers of farmers to lose their lands, and that if this trend toward centralized land ownership was to be stopped, something had to be done toward raising farm prices high enough above the ruinous levels of 1932 so that farmers could make enough money to keep their farms.

The number of farm bankruptcies increased from 4,464 in the fiscal year 1930 to 5,917, or more than 30 percent, in 1933. This was the way small farmers lost their farms in the depression.

The number of forced farm sales increased from 19.5 per thousand in the year ending March 15, 1929, to 54.1 per thousand in the year ending March 15, 1933.

The collapse of farm prices in that period placed the farmers at the mercy of the bankers and the mortgage holders, as the figures show. If the depression had gone on for a few more years probably most of the small farms of the country would have been sold at forced sales and thousands of them would have passed into some form or another of corporate ownership.

After the Roosevelt administration got into action with farm and other recovery programs the trend toward concentration of farm-land ownership was stopped.

The number of farm bankruptcy cases concluded decreased from 5,917 for the fiscal year ending June 30, 1933, to 4,716 for the year ending June 30, 1934. This was a decline of more than 20 percent.

The number of forced farm sales dropped from 54.1 per thousand for the year ending March 15, 1933, to 28.3 per thousand for the year ending March 15, 1935.

This great decline—of almost 50 percent—in the number of forced farm sales shows the tremendous service of the A. A. A. and the Roosevelt administration in protecting small farmers who had been losing their farms at a great rate in the Hoover depression.

Still it is true that while the riot of farm foreclosures was stopped there are in existence now great corporations holding sway over vast areas of farm lands.

The lands held by these corporations are not operated by independent farmers owning and tilling their own lands, living in their own homesteads. Instead, the great feudal estates of these corporation farms are often operated by wage hands having no interest in the land and often receiving only meager wages.

Secretary Wallace's letter to the Senator from South Carolina [Mr. SMITH] about the large payments to sugar

corporations show how the A. A. A. contracts were made to contain provisions for definite scales of wages, working hours, and prohibition of child labor. This was necessary so that the wage hands would share in the Government's payments, and one of the biggest Puerto Rican corporations refused to sign such a contract.

I agree with Secretary Wallace that the great problem is not the size of these payments but the social and economic implications about the degree of concentration of land ownership which they show has taken place in this country.

I hope the Senator from Michigan agrees with me that something needs to be done to break up these great land holdings.

I have been able to follow his resolution, and everybody—Secretary Wallace, and I assume that most of us in the Senate agree that the names of the recipients of big payments may be published. There does not appear to be the slightest disagreement about that.

That is not the real point in the resolution; the real point is the existence in some farming industries and the prevalence in others—as, for example, the sugar industry of Hawaii, which is entirely in the hands of 39 corporations—of great farming corporations.

In view of the real meaning of the Senator's resolution, I have been at a loss to understand his votes on some of the agricultural issues raised in this body, to which full reference has been made by the Senator from Arkansas.

I agree that the Jones-Costigan Act was primarily for the little sugar farmers of Michigan and Colorado and Louisiana and Puerto Rico.

I agree that it was necessary, in order to help little producers, to have an act that would bring about an adjustment of production and a disappearance of surpluses, so that prices would rise and farmers would be able to hold their farms. I agree that no adjustment in production would have been possible if the big sugar corporations had been left out—had been free to expand production and put the whole burden of low prices on the little fellows.

But why oppose the A. A. A. and the A. A. A. amendments and then vote for the Jones-Costigan Sugar Act? The big corporation payments are concentrated in the sugar program.

I do not follow the logic of the able Senator from Michigan. I think the logic of his resolution is clearer than the logic of his votes. I think the logic of his resolution leads to the conclusion that steps should be taken to break up the corporation farms. I wonder if the Senator from Michigan will stand with me and others in a fight to do something about that?

Mr. COPELAND. Mr. President, in the speech President Roosevelt made in New York Saturday night he outlined his philosophy, which I learn from the clipping I have in my hand is that of—

> Higher wages for workers, more income for farmers, more goods produced, more and better food eaten, fewer unemployed, and lower taxes.
>
> That is my economic and social philosophy and, incidentally, my political philosophy as well—

The President said in closing his speech.

As I see it, the surest way to lower taxes is to make the people tax-conscious. I can think of no one thing that would make a large group of citizens of the United States more tax-conscious—no other one thing, certainly—than the publication of the bounties received from plowing under crops and reducing production on the farms.

I did not think it was quite fair of Senators on our side of the aisle to make the references they did to what to me was the perfectly plain position of the Senator from Michigan. I did not see, in what he was doing, any bid for political popularity. Perhaps there would be a great bid for political popularity if he proposed at some time more bounties for more persons.

There is a great distinction in my mind between publicity of bounties given by the Triple A and the publicity given to income received by business concerns or by private individuals. The two forms of publicity are not the same. If we were to put the farm income on the same plane as the income of manufacturers and private individuals, then we should ask for the publicity of farm returns. How much did the farmer receive from the operation of his farm? But that we are not doing.

In the resolution it is proposed that the country shall know how much was given to reduce crops and to whom the money was paid. I myself prepared a resolution on the subject, and I was not so modest as was the Senator from Michigan. Two months ago I prepared a resolution asking that in the case of everyone who had been given $500 or more in the way of an A. A. A. bounty publicity should be given to the amount received.

Why should we not know about these things? I think we should let everyone know what money has been handed out for the reduction of crops, and so on.

I stood here in bitter opposition to the publication of income-tax returns. I gave reasons why I thought it was a bad thing that publicity should be given—that it makes every person whose income is publicized the target for kidnapers and blackmailers and extortionists and robbers. That is an entirely different thing from the little revenue received by a few farmers through the bounty of the Government and which has no relationship to the normal earnings of the recipients.

Mr. President, I congratulate the Senator from Michigan that he stood up under the barrage he received. He does not need any sympathy. He carries himself well.

For my part, I am in 100-percent agreement with the thought that there should be the widest possible publicity of the bounties given out in accordance with the Triple A project and any other bounties which are distributed. We have not hesitated to tell how much money the ship operators have had. The widest possible publicity has been given to that. Why should not the same publicity be given to the men who have had bounties from another department of Government?

Of course, for myself, while I voted for the A. A. A., I was never content with the effect of its application. I am glad to say I did not vote for the Costigan sugar bill. I did not do so because I thought it was an outrageous invasion of the welfare of the people of Puerto Rico. I feel the same way about the quota placed upon the tobacco production of that island. I should like to say, in passing, that I cannot understand the philosophy of suddenly throwing into the Senate the idea of turning the Puerto Ricans loose upon the world. I had no part in passing the Costigan Act.

I do protest, with all the seriousness I possess, against the publication of the incomes of those who are engaged in industry in this country, and of the incomes of private individuals as well. But if we are to do that at all, let us have everybody, including the farmer, share in the publicity. However, when it comes to the bounties which are given by the lavish hand of the Government, let us know to whom we give the money, and in every instance how much has been the contribution.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). The question is on agreeing to the amendments reported by the committee.

Mr. McNARY. Mr. President, may I inquire of the Senator from Arkansas if he desires to go further tonight in the consideration of the measure?

Mr. ROBINSON. I thought we might dispose of the pending resolution. Let us dispose of it.

Mr. McNARY. Other amendments to it will be offered. I shall have to suggest the absence of a quorum at this point, unless we may have an understanding that we shall recess at this hour or take up the proposal of the Senator from Georgia, which is now the temporary unfinished business.

Mr. ROBINSON. Mr. President, I do not understand that there is to be further debate on the pending resolution.

Mr. McNARY. Very well. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Carey	King	Overton
Austin	Chavez	La Follette	Robinson
Bachman	Connally	Logan	Schwellenbach
Bailey	Copeland	Lonergan	Sheppard
Barbour	Couzens	Long	Shipstead
Barkley	Frazier	McAdoo	Smith
Benson	George	McKellar	Steiwer
Bilbo	Gerry	McNary	Thomas, Okla.
Black	Gibson	Maloney	Thomas, Utah
Bone	Glass	Metcalf	Townsend
Borah	Guffey	Minton	Truman
Bulow	Hale	Murphy	Vandenberg
Burke	Harrison	Murray	Wagner
Byrnes	Hatch	Neely	Walsh
Capper	Hayden	Norris	Wheeler
Caraway	Keyes	O'Mahoney	White

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

Mr. SMITH. Mr. President, in justice to the Secretary of Agriculture I ask that the clerk may read the letter which I send to the desk.

The PRESIDING OFFICER. The Senator from South Carolina submits a letter, which the clerk will read, as requested.

The legislative clerk read as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 15, 1936.

Hon. ELLISON D. SMITH,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR SMITH: When Senate Resolution 265 comes up for consideration I hope you will make clear to the Senate that the Department of Agriculture stands ready to supply any information whatever the Senate wants to ask for as to benefit and rental payments under the Agricultural Adjustment Act. We do not wish to be misunderstood as asking for any limitations on the publication of information about A. A. A. payments.

The question as to the form the resolution takes is wholly one of the time that the Senate wishes the Agricultural Adjustment Administration to devote to compilation of the information concerned.

Information as to payments over $10,000 or over $1,000 under each adjustment program in any contract year could be obtained with the least time, and with little or no risk of delaying payments to farmers either under the new soil-conservation program or the old adjustment programs.

Since the information on payments is filed separately for each commodity program, and since there are about 6,900,000 contracts in all, to cross-check all contracts in different commodity programs so as to segregate and report on totals of individuals' payments in more than one program would be a compiling task of great magnitude, requiring several months at least.

Nevertheless I wish to make clear the Department's complete willingness to report any information on payments that the Senate may ask for.

Sincerely yours,

H. A. WALLACE, *Secretary.*

The PRESIDING OFFICER. The question is on agreeing to the amendments of the committee.

Mr. McNARY. Mr. President, may we have the amendments stated?

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 1, line 2, after the word "Senate", it is proposed to strike out the words "forthwith the name and address and the amount paid to each producer exceeding $10,000 in each calendar year" and insert "as soon as practicable the name, county, and State (including Puerto Rico and Hawaii), and the amount paid to each producer, in the sum of $10,000 or more, for each contract year, together with commodity, acreage, or number of livestock involved for which payment was made"; and at the end of the resolution to add a proviso, so as to make the resolution read:

Resolved, That the Secretary of Agriculture be, and he is hereby, directed to furnish to the Senate as soon as practicable the name, county, and State (including Puerto Rico and Hawaii) and the amount paid to each producer in the sum of $10,000 or more for each contract year, together with commodity, acreage, or number of livestock involved for which payment was made pursuant to the Agricultural Adjustment Act, as amended: *Provided,* That the total amount paid for each basic commodity for each State or Territory or possession be given for each contract year and the total number receiving such payments.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the committee.

The amendments were agreed to.

Mr. BARKLEY. Mr. President, I believe those are the only committee amendments?

The PRESIDING OFFICER. The Chair is advised that those are the only committee amendments.

Mr. BARKLEY. Then I offer now the amendment which I had read earlier in the day.

The PRESIDING OFFICER. The amendment of the Senator from Kentucky will be stated.

The LEGISLATIVE CLERK. At the end of the resolution it is proposed to add the following:

Provided, That the United States Tariff Commission shall, and is hereby directed to, report to the Senate within 60 days the names and addresses of manufacturing corporations in the United States having statutory net incomes in 1934 of $1,000,000 or more, producing commodities protected by the tariff, the rates of duty on principal commodities produced by each, and the 1934 selling prices derived from general sources of such commodities: *And provided further,* That the Commission shall, and is hereby directed to, supplement this report as soon as the information can be compiled, but with the time for compilation not limited to 60 days, similar information as to corporations, commodities, rates, and prices for the year 1935, together with the Commission's estimates of the following: (1) The effect of the tariff on selling prices of such commodities; (2) the effect of the tariff on the statutory net incomes of these corporations; (3) the effect of such rates of duty on consumer expenditures for such commodities as compared with revenue derived by the United States Treasury therefrom.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BARKLEY].

The amendment was agreed to.

Mr. CONNALLY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the resolution it is proposed to insert the following:

Resolved further, That the United States Tariff Commission be, and it is hereby, directed to furnish the Senate forthwith the names and addresses and the gross volume of sales of the three corporations or factories (naming them separately for each article or group listed below) which did the largest gross business during the calendar year 1934 in the production and manufacturing of the following tariff-protective articles and commodities: (1) Aluminum; (2) steel and iron; (3) photo cameras and films; (4) chemicals and dyes; (5) electric appliances and equipment; (6) cellophane and rayon; (7) plate glass; (8) cast-iron pipe and fittings; (9) articles or wares manufactured of tin.

Such Commission is also requested to furnish the tariff rates or schedules then in effect as to each of such listed commodities or articles.

Such Commission is also requested to furnish the total amount in dollars of benefits or protection each of such corporations received during such year, assuming that the tariff was fully effective. Such Commission is also requested (if it would not delay the filing of such report) to give its estimate as to the percentage of effectiveness of such tariff rates for such year as to each of such articles or commodities.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY].

Mr. McNARY. Mr. President, I have not previously heard the amendment read. Is it the idea that the Department shall remain silent and dumb until these facts are all discovered? Will the amendment deter the Secretary of Agriculture from making a report on the body of the resolution?

Mr. CONNALLY. It will not interfere with the Department of Agriculture acting at once. This inquiry is addressed to the Tariff Commission, which will reply when it secures the information.

Mr. McNARY. Then it is not the purpose of the Senator to delay unnecessarily a report from the Secretary of Agriculture?

Mr. CONNALLY. It is not. I will say to the Senator from Oregon that I am perfectly agreeable to the resolution of the Senator from Michigan. Let us have this information. I am so hungry for information that I desire more than the Senator from Michigan desires.

Mr. VANDENBERG. Mr. President, I wish to join the Senator from Texas in expressing the hope that his amendment will be adopted, and that his hunger for information will not be appeased when some additional amendments shall be offered later from this side of the aisle.

Mr. CONNALLY. I should like to see them when they come from that side of the aisle. [Laughter.] I always like to look them over very carefully before I agree to them.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas.

The amendment was agreed to.

Mr. BARBOUR. Mr. President, I send to the desk an amendment, which I ask to have stated.

Mr. McNARY. Mr. President, I desire to make an inquiry. Have all the amendments heretofore proposed been read and adopted?

The PRESIDING OFFICER. The Chair is informed that the Senator from Washington [Mr. BONE] presented an amendment which has not been acted upon.

Mr. BARBOUR. I shall be very glad to have the amendment of the Senator from Washington supersede mine.

Mr. SCHWELLENBACH. Mr. President, I will say that my colleague [Mr. BONE] is on his way to the Senate Chamber from his office and will reach here very shortly.

Mr. VANDENBERG. Mr. President, let me offer the amendment on behalf of the Senator from Washington, because I am cordially in concurrence with it.

The PRESIDING OFFICER. The Senator from Michigan will present the amendment of the Senator from Washington.

Mr. VANDENBERG. I assume that it is at the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Michigan on behalf of the Senator from Washington will be stated.

The LEGISLATIVE CLERK. It is proposed to add at the end of the resolution the following:

Provided further, That, on the basis of the data submitted, the Senate Committee on Agriculture and Forestry shall report to the Senate the degree to which land ownership had by 1933 become concentrated in large corporate holdings, with such recommendations as the committee may see fit to make to Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. VANDENBERG] on behalf of the Senator from Washington [Mr. BONE].

The amendment was agreed to.

Mr. BARBOUR. Mr. President, I now ask to have stated the amendment which I have sent to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from New Jersey will be stated.

The LEGISLATIVE CLERK. At the end of the resolution it is proposed to insert the following paragraph:

Resolved further, That the Resettlement Administration is requested to report to the Senate, at the earliest practicable date: (1) The nature and extent of all expenditures made or proposed to be made by such Administration; (2) the nature and extent of projects undertaken by it, and the advisability of undertaking future projects; (3) the effect of each such project on State and local taxation and on local real-estate values; (4) the extent to which such projects have benefited and will benefit labor; and (5) the circumstances relating to the securing of persons as tenants or purchasers in connection with such projects, and the effect on such persons of becoming such tenants or purchasers.

Mr. ROBINSON. Mr. President, I move to lay on the table the amendment offered by the Senator from New Jersey.

Mr. McNARY. Mr. President, I understand that motion is not debatable. I ask for the yeas and nays upon it.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] to lay on the table the amendment offered by the Senator from New Jersey [Mr. BARBOUR]. On that question the yeas and nays have been requested.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the senior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the junior Senator from Idaho [Mr. POPE], and will vote. I vote "yea."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. As he is not present, I withhold my vote. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. CONNALLY (after having voted in the negative). I withdraw my vote, since I have a pair with the Senator from Florida [Mr. FLETCHER], who, if present, would vote "yea."

Mr. CAREY (after having voted in the negative). I find that I have a general pair with the senior Senator from Ohio [Mr. BULKLEY]. I transfer that pair to the Senator from North Dakota [Mr. NYE], and will permit my vote to stand.

Mr. BARKLEY (after having voted in the affirmative). I have a pair with the senior Senator from Delaware [Mr. HASTINGS], who is absent. I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL], and will let my vote stand.

Mr. BILBO. I am paired with the Senator from Iowa [Mr. DICKINSON]. I transfer that pair to the Senator from Alabama [Mr. BANKHEAD], and will vote. I vote "yea."

Mr. ROBINSON. The Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], the Senator from Nevada [Mr. McCARRAN], and the Senator from Florida [Mr. TRAMMELL] are detained from the Senate on account of illness.

The Senator from Missouri [Mr. CLARK] is detained on account of illness in his family.

The Senator from Virginia [Mr. BYRD] and the Senator from New Hampshire [Mr. BROWN] are members of the Committee to Visit the Naval Academy, and therefore are necessarily detained.

The Senator from Arizona [Mr. ASHURST], the Senators from Ohio [Mr. BULKLEY and Mr. DONAHEY], the Senator from Massachusetts [Mr. COOLIDGE], the Senators from Illinois [Mr. LEWIS and Mr. DIETERICH], the Senator from Florida [Mr. FLETCHER], the Senator from Oklahoma [Mr. GORE], the Senator from West Virginia [Mr. HOLT], the Senator from Kansas [Mr. McGILL], the Senator from New Jersey [Mr. MOORE], the Senator from Nevada [Mr. PITTMAN], the Senator from Idaho [Mr. POPE], the Senators from Maryland [Mr. TYDINGS and Mr. RADCLIFFE], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Indiana [Mr. VAN NUYS] are unavoidably detained.

Mr. McNARY. I announce that the Senator from California [Mr. JOHNSON] is absent because of his duty as a member of the Board of Visitors to the Naval Academy.

The result was announced—yeas 32, nays 30, as follows:

YEAS—32

Adams	Caraway	Lonergan	O'Mahoney
Bachman	Chavez	Long	Overton
Barkley	Guffey	McAdoo	Robinson
Bilbo	Harrison	McKellar	Schwellenbach
Black	Hatch	Minton	Sheppard
Bone	Hayden	Murray	Thomas, Utah
Bulow	King	Neely	Truman
Byrnes	Logan	Norris	Wagner

NAYS—30

Austin	Copeland	Keyes	Thomas, Okla.
Bailey	Couzens	La Follette	Townsend
Barbour	Frazier	McNary	Vandenberg
Benson	George	Maloney	Walsh
Borah	Gerry	Murphy	Wheeler
Burke	Gibson	Shipstead	White
Capper	Glass	Smith	
Carey	Hale	Steiwer	

NOT VOTING—34

Ashurst	Davis	Johnson	Pope
Bankhead	Dickinson	Lewis	Radcliffe
Brown	Dieterich	McCarran	Reynolds
Bulkley	Donahey	McGill	Russell
Byrd	Duffy	Metcalf	Trammell
Clark	Fletcher	Moore	Tydings
Connally	Gore	Norbeck	Van Nuys
Coolidge	Hastings	Nye	
Costigan	Holt	Pittman	

So Mr. BARBOUR's amendment was laid on the table.

Mr. CAREY. Mr. President, to the resolution I expect to offer an amendment to which I do not believe there will be any objection on the other side. This amendment is identical with one offered by the senior Senator from Tennessee [Mr. McKELLAR] during the second session of the Seventy-second Congress, and the RECORD shows that the resolution was agreed to unanimously, with very little debate.

Mr. ROBINSON. Mr. President, the difficulty with the manner in which we are proceeding now is that no one is familiar with the amendments which are being presented except the Senators offering them. There has been no opportunity to study them, no opportunity to know what is proposed. It was my thought that the resolution should be confined to the subject matter believed to be germane to the original provisions of the resolution although I know there is no rule of the Senate which so limits our action. The debate has developed the fact that there is a disposition to present a great many amendments, so I should like to have an opportunity to see the amendment the Senator is about to offer, and other Senators would like to see it, or have it read.

Mr. CAREY. I shall be very glad to have the clerk read the amendment, but I should like to hold the floor and make some remarks after the amendment shall have been read.

The VICE PRESIDENT. The clerk will report the proposed amendment.

The LEGISLATIVE CLERK. It is proposed to add at the proper place the following:

Provided further, That the Civil Service Commission be, and it is hereby, directed to furnish the Senate with a full and complete list of all offices, positions, places, and employments, listing the same by departments, bureaus, boards, commissions, and independent establishments, including the government of the District of Columbia, unofficial observers, special attorneys, or special agents, and Federal employments of all kinds, with the amount of salaries of each attached, under the Government of the United States and not under civil-service rules and regulations.

Mr. ROBINSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from Arkansas?

Mr. CAREY. I cannot yield now. I will take but a moment.

As I have stated, this amendment is identical in wording with a resolution offered by the Senator from Tennessee [Mr. MCKELLAR] on January 3, 1933, and in offering the resolution the Senator from Tennessee made the following statement:

Mr. President, I want to make just a brief statement about the proposed resolution. In 1921 a similar resolution was offered and unanimously adopted, as I recall, having looked the matter up a short time ago, and the information was furnished by the Civil Service Commission. The Civil Service Commission probably is doing some of the work already which would result from the adoption of this resolution, at the request of the Senate, expecting the resolution to be passed. I hope there will be no objection to it.

I find that later the Senator from Tennessee stated:

It may not be an official notice, but it will be information open to all, to Democrats as well as Republicans. I recall very distinctly that in 1921 a similar resolution was offered, and it was agreed to without objection.

I also wish to quote from the Senator from Mississippi [Mr. HARRISON], who said on that occasion:

Mr. President, I understand the Civil Service Commission has the whole list prepared, so there cannot be any expense attached to the resolution, and it does not seem to me there ought to be any objection to it.

Mr. President, I wish to say that if the information was necessary at that time, it is just as necessary now. In fact, some 250,000 more employees would come under this classification than there were at that time.

As for the amendment not being germane, I submit that it is as germane to the original resolution as were the amendments accepted on the other side this afternoon. I ask for the adoption of the amendment.

Mr. ROBINSON. Mr. President, this amendment relates to a subject wholly unconnected with the subject matter of the resolution now under consideration, and I move to lay the amendment on the table.

Mr. VANDENBERG and Mr. MCNARY asked for the yeas and nays; the yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BARKLEY (when his name was called). I have a pair with the Senator from Delaware [Mr. HASTINGS], which I transfer to the Senator from Florida [Mr. TRAMMELL], and vote "yea."

Mr. BILBO (when his name was called). I have a pair with the Senator from Iowa [Mr. DICKINSON], which I transfer to the Senator from New Hampshire [Mr. BROWN], and vote "yea."

Mr. CAREY (when his name was called). On this question I have a pair with the Senator from Ohio [Mr. BULKLEY]. I transfer that pair to the Senator from North Dakota [Mr. NYE], and will vote. I vote "nay."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. The Senator from Maryland not being present, I withhold my vote. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. LOGAN. On this question I have a pair with the senior Senator from Pennsylvania [Mr. DAVIS]. I transfer that pair to the junior Senator from Idaho [Mr. POPE], and will vote. I vote "yea."

Mr. SHIPSTEAD (after having voted in the negative). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. That Senator not being present, I am obliged to withdraw my vote.

Mr. ROBINSON. The Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Florida [Mr. TRAMMELL] are detained from the Senate on account of illness.

The Senator from Missouri [Mr. CLARK] is detained on account of illness in his family.

The Senator from Virginia [Mr. BYRD] and the Senator from New Hampshire [Mr. BROWN] are members of the Committee to Visit the Naval Academy and, therefore, are necessarily detained.

The Senator from Arizona [Mr. ASHURST], the Senators from Ohio [Mr. BULKLEY and Mr. DONAHEY], the Senator from Massachusetts [Mr. COOLIDGE], the Senators from Illinois [Mr. LEWIS and Mr. DIETERICH], the Senator from Florida [Mr. FLETCHER], the Senator from Oklahoma [Mr. GORE], the Senator from West Virginia [Mr. HOLT], the Senator from Kansas [Mr. MCGILL], the Senator from New Jersey [Mr. MOORE], the Senator from Nevada [Mr. PITTMAN], the Senator from Idaho [Mr. POPE], the Senators from Maryland [Mr. TYDINGS and Mr. RADCLIFFE], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from Indiana [Mr. VAN NUYS], the Senator from Tennessee [Mr. BACHMAN], the Senator from New York [Mr. COPELAND], the Senator from Georgia [Mr. GEORGE], and the Senator from Virginia [Mr. GLASS] are unavoidably detained.

Mr. MCNARY. I announce that the Senator from California [Mr. JOHNSON] is necessarily absent on official business.

The result was announced—yeas 41, nays 16, as follows:

YEAS—41

Adams	Chavez	McAdoo	Sheppard
Bailey	Connally	Maloney	Smith
Barkley	Duffy	Minton	Thomas, Okla.
Benson	Gerry	Murphy	Thomas, Utah
Bilbo	Guffey	Murray	Truman
Black	Harrison	Neely	Wagner
Bone	Hatch	Norris	Walsh
Bulow	Hayden	O'Mahoney	Wheeler
Burke	Logan	Overton	
Byrnes	Lonergan	Robinson	
Caraway	Long	Schwellenbach	

NAYS—16

Austin	Carey	Hale	Steiwer
Barbour	Couzens	Keyes	Townsend
Borah	Frazier	La Follette	Vandenberg
Capper	Gibson	McNary	White

NOT VOTING—39

Ashurst	Davis	Johnson	Pittman
Bachman	Dickinson	King	Pope
Bankhead	Dieterich	Lewis	Radcliffe
Brown	Donahey	McCarran	Reynolds
Bulkley	Fletcher	McGill	Russell
Byrd	George	McKellar	Shipstead
Clark	Glass	Metcalf	Trammell
Coolidge	Gore	Moore	Tydings
Copeland	Hastings	Norbeck	Van Nuys
Costigan	Holt	Nye	

So Mr. CAREY's amendment was laid on the table.

The VICE PRESIDENT. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to as follows:

Resolved, That the Secretary of Agriculture be, and he is hereby, directed to furnish to the Senate as soon as practicable the name, county, and State (including Puerto Rico and Hawaii), and the amount paid to each producer, in the sum of $10,000 or more, for each contract year, together with commodity, acreage, or number of livestock involved for which payment was made, pursuant to the Agricultural Adjustment Act, as amended: *Provided*, That the total amount paid for each basic commodity for each State or Territory or possession be given for each contract year and the total number receiving such payments: *Provided further*, That on the basis of the data submitted, the Senate Committee on Agriculture and Forestry shall report to the Senate the degree to which land ownership had by 1933 become concentrated in large corporate holdings, with such recommendations as the committee may see fit to make to Congress.

Resolved further, That the United States Tariff Commission shall and is hereby directed to report to the Senate within 60 days the names and addresses of manufacturing corporations in the United States having statutory net incomes in 1934 of $1,000,000 or more, producing commodities protected by the tariff, the rates of duty on principal commodities produced by each, and the 1934 selling prices derived from general sources of such commodities and; *Provided further*, That the Commission shall and is hereby directed to supplement this report as soon as the information can be compiled, but with the time for compilation not limited to 60 days, similar information as to corporations, commodities, rates, and prices for the year 1935, together with the Commission's estimates of the following: (1) The effect of the tariff on selling prices of such commodities; (2) the effect of the tariff on the statutory net incomes of these corporations; (3) the effect of such rates of duty on consumer expenditures for such commodities as compared with revenue derived by the United States Treasury therefrom:

Resolved further, That the United States Tariff Commission be, and it is hereby, directed to furnish the Senate forthwith the names and addresses and the gross volume of sales of the three corporations or factories (naming them separately for each article or group listed below) which did the largest gross business during the calendar year 1934, in the production and manufacturing of the following tariff-protected articles and commodities: (1) Aluminum; (2) steel and iron; (3) photo cameras and films; (4) chemicals and dyes; (5) electric appliances and equipment; (6) cellophane and rayon; (7) plate glass; (8) cast-iron pipe and fittings; (9) articles or wares manufactured of tin.

Such Commission is also requested to furnish the tariff rates or schedules then in effect as to each such listed commodities or articles.

Such Commission is also requested to furnish the total amount in dollars of benefits or protection each of such corporations received during such year, assuming that the tariff was fully effective.

Such Commission is also requested (if it would not delay the filing of such report) to give its estimate as to the percentage of effectiveness of such tariff rates for such year as to each of such articles or commodities.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions:

S. 753. An act to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co.;

S. 4335. An act to authorize the coinage of 50-cent pieces in commemoration of the centennial celebration of Cleveland, Ohio, to be known as the Great Lakes Exposition;

H. R. 399. An act for the relief of A. F. Amory;

H. R. 1265. An act for the relief of N. N. Self;

H. R. 1363. An act for the relief of Petra M. Benavides;

H. R. 1440. An act for the relief of Arthur W. Bradshaw;

H. R. 1915. An act for the relief of Henry O. Goddard;

H. R. 1963. An act for the relief of Edgar H. Taber;

H. R. 2189. An act for the relief of Julia M. Ryder;

H. R. 2622. An act for the relief of M. Waring Harrison;

H. R. 2623. An act for the relief of J. W. Hearn, Jr.;

H. R. 2936. An act for the relief of J. H. Taylor & Son;

H. R. 3152. An act for the relief of Joseph Jochemczyk;

H. R. 3155. An act to confer jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of the Bankers Reserve Life Co. of Omaha, Nebr., and the Wisconsin National Life Insurance Co. of Oshkosh, Wis.;

H. R. 3383. An act to provide a preliminary examination of the Greenbrier River and its tributaries in the State of West Virginia with a view to the control of its floods;

H. R. 3384. An act to provide a preliminary examination of the Cheat River and its tributaries in the State of West Virginia with a view to the control of its floods;

H. R. 3385. An act to provide a preliminary examination of the Potomac River and its tributaries, with a view to the control of its floods;

H. R. 3513. An act for the relief of Archie P. McLane and Hans Peter Jensen;

H. R. 3573. An act for the relief of Jens H. Larsen;

H. R. 3673. An act for the relief of Bernard V. Wolfe and the Dixon Implement Co.;

H. R. 4031. An act for the relief of Stanley T. Gross;

H. R. 4277. An act for the relief of James R. Russell;

H. R. 4362. An act for the relief of Patrick J. Leahy;

H. R. 4411. An act for the relief of Mary L. Munro;

H. R. 4571. An act for the relief of William W. Bartlett;

H. R. 4638. An act for the relief of Elizabeth Halstead;

H. R. 4660. An act for the relief of Robert C. E. Hedley;

H. R. 4725. An act for the relief of Catherine Donnelly, Claire E. Donnelly, John Kufall, Mary F. Kufall, and Elizabeth A. Tucker;

H. R. 4779. An act for the relief of Capt. Chester Gracie;

H. R. 4951. An act for the relief of the Moffat Coal Co.;

H. R. 4953. An act for the relief of Doris Lipscomb;

H. R. 4965. An act for the relief of M. M. Smith;

H. R. 4999. An act for the relief of Marie Linsenmeyer;

H. R. 5491. An act for the relief of the Bethlehem Fabricators, Inc.;

H. R. 5625. An act for the relief of Sperry Gyroscope Co., Inc., of New York;

H. R. 5753. An act for the relief of Edith H. Miller;

H. R. 5827. An act for the relief of Elizabeth Wyhowski, mother and guardian of Dorothy Wyhowski;

H. R. 5874. An act for the relief of Hugh B. Curry;

H. R. 5974. An act for the relief of Thelma L. Edmunds, Mrs. J. M. Padgett, Myrtis E. Posey, Mrs. J. D. Mathis, Sr., Fannie Harrison, Annie R. Colgan, and Grace Whitlock;

H. R. 6344. An act for the relief of the estate of John A. McGloin;

H. R. 6520. An act for the relief of Preston Brooks Massey;

H. R. 6578. An act for the relief of Joseph A. Therry;

H. R. 6599. An act for the relief of Florence Helen Klein, a minor;

H. R. 6669. An act for the relief of Mrs. Earl Poynor;

H. R. 6698. An act for the relief of Mae C. Tibbett, administratrix;

H. R. 6821. An act for the relief of Alfred J. White, M. J. Banker, and Charlyn DeBlanc;

H. R. 6828. An act for the relief of George H. Smith;

H. R. 6848. An act for the relief of the First Federal Savings & Loan Association of Shawnee, Okla;

H. R. 6999. An act for the relief of Frank Rottkamp;

H. R. 7031. An act for the relief of Georgiana Minnigerode, widow of Capt. Karl Minnigerode;

H. R. 7529. An act for the relief of Mariano Biondi;

H. R. 7861. An act for the relief of Mrs. J. A. Joullian;

H. R. 7867. An act for the relief of Adolph Micek, a minor;

H. R. 7904. An act for the relief of Grant Hospital and Dr. M. H. Streicher;

H. R. 7963. An act for the relief of J. Edwin Hemphill;

H. R. 8034. An act for the relief of Mae Pouland;

H. R. 8088. An act for the relief of Nahwista Carr Bolk;

H. R. 8094. An act for the relief of Dr. J. C. Blalock;

H. R. 8113. An act for the relief of Louis George;

H. R. 8301. An act to authorize a preliminary examination of the Marais des Cygnes River, in the State of Kansas, with a view to the control of its floods;

H. R. 8320. An act for the relief of Mrs. John H. Wilke;

H. R. 8414. An act to provide a preliminary examination of the Yakima River and its tributaries and the Walla Walla River and its tributaries in the State of Washington, with a view to the control of their floods;

H. R. 8486. An act for the relief of John A. Baker;

H. R. 8510. An act for the relief of John Hurston;

H. R. 8551. An act for the relief of J. C. Donnelly;

H. R. 8685. An act for the relief of Edwin Pickard;

H. R. 8694. An act to provide a preliminary examination of Chickasawha River and its tributaries in the State of Mississippi, with a view to the control of their floods;

H. R. 8706. An act for the relief of Frank Polansky;

H. R. 9076. An act for the relief of W. H. Dean;

H. R. 9171. An act for the relief of Myrtle T. Grooms;

H. R. 9190. An act for the relief of J. P. Moore;

H. R. 9208. An act for the relief of Foot's Transfer & Storage Co., Ltd.;

H. R. 9235. An act to provide for a preliminary examination 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;

H. R. 9236. An act to authorize a preliminary examination 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;

H. R. 9249. An act to provide for a preliminary examination 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;

H. R. 9250. An act to provide for a preliminary examination 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;

H. R. 9267. An act to provide for a preliminary examination 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;

H. R. 9273. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.;

H. R. 9380. An act for the relief of Edgar M. Barber, special disbursing agent, Paris, France, and Leo Martinuzzi, former customs clerk;

H. R. 9866. An act to extend certain provisions of the act approved June 18, 1934, commonly known as the Wheeler-Howard Act (Public Law No. 383, 73d Cong., 48 Stat. 984), to the Territory of Alaska, to provide for the designation of Indian reservations in Alaska, and for other purposes;

H. R. 9874. An act authorizing a preliminary examination of Cadron Creek, Ark., a tributary of the Arkansas River;

H. R. 10135. An act to authorize the construction of a model basin establishment, and for other purposes;

H. R. 10388. An act to aid the veteran organizations of the District of Columbia in their joint Memorial Day services at Arlington National Cemetery and other cemeteries on and preceding May 30;

H. R. 10487. An act 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;

H. R. 10521. An act for the relief of Joseph Mossew;

H. R. 10575. An act for the relief of Catharine I. Klein;

H. R. 10583. An act 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;

H. R. 10631. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N. Y.;

H. R. 10985. An act to repeal Public Law No. 246 of the Seventy-second Congress;

H. R. 10991. An act for the relief of Harry Wallace;

H. R. 11042. An act authorizing a preliminary examination of the Matanuska River in the vicinity of Matanuska, Alaska;

H. R. 11043. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River at or near Conway, S. C.;

H. R. 11073. An act granting the consent of Congress to the State Highway Commission of Missouri to construct, maintain, and operate a free highway bridge across the Current River at or near Powder Mill Ford on Route No. Missouri 106, Shannon County, Mo.;

H. R. 11231. An act for the relief of Rasmus Bech;

H. R. 11402. An act authorizing the Delaware River Joint Toll Bridge Commission of the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point near Delaware Water Gap;

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H. R. 11644. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 11685. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;

H. R. 11729. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Natchez, Miss., and for other purposes;

H. R. 11738. An act 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.;

H. R. 11772. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Sistersville, W. Va.;

H. R. 11793. An act to authorize a preliminary examination of various creeks in the State of California with a view to the control of their floods;

H. R. 11806. An act to authorize a preliminary examination of Passaic River, N. J., with a view to the control of its floods;

H. J. Res. 223. Joint resolution conferring upon the Court of Claims jurisdiction of the claim of the Rodman Chemical Co. against the United States;

H. J. Res. 412. Joint resolution to authorize an investigation of the means of increasing capacity of the Panama Canal for future needs of interoceanic shipping, and for other purposes; and

H. J. Res. 553. Joint resolution extending the time for the Federal Trade Commission to make an investigation and file final report with respect to agricultural income and the financial and economic condition of agricultural producers generally.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the Committee on Appropriations, reported favorably the nomination of Joseph E. Parker, of Montana, to be State administrator in the Works Progress Administration for Montana, vice Ray Hart.

He also, from the same committee, reported favorably the nominations of the following persons to be State directors of the Public Works Administration: Henry S. Geismer, Alabama; and Alexander Allaire, Arkansas.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of several officers for appointment in the Regular Army and also the National Guard of the United States.

Mr. DIETERICH, from the Committee on the Judiciary, reported favorably the nomination of Charles O. Gregory, of Illinois, to be Solicitor for the Department of Labor, vice Charles Wyzanski, Jr., resigned.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

ARTHUR W. HALEY

Mr. McKELLAR. From the Committee on Post Offices and Post Roads, I report back adversely the nomination of Arthur W. Haley to be postmaster at Coeur d'Alene, Idaho. I ask unanimous consent that the nomination be acted upon at this time.

The VICE PRESIDENT. Is there objection?

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

The VICE PRESIDENT. The question is, Will the Senate advise and consent to this nomination?

The nomination was rejected.

MARGARET C. SOUDERS

Mr. McKELLAR. From the Committee on Post Offices and Post Roads, I report back favorably the nomination of Margaret C. Souders to be postmaster at Mount Holly Springs, Pa. I ask unanimous consent for the consideration of the nomination at this time.

The VICE PRESIDENT. Is there objection?

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

The VICE PRESIDENT. The question is, Will the Senate advise and consent to this nomination?

The nomination was confirmed.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. WALSH. I ask that the nominations for promotions in the Navy be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nomination in the Navy are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. WALSH. I ask that the nominations for promotions in the Marine Corps be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations in the Marine Corps are confirmed en bloc.

That completes the calendar.

ORDER OF BUSINESS AND RECESS

The Senate resumed legislative session.

Mr. ROBINSON. Mr. President, the bill of the Senator from Georgia [Mr. GEORGE] relating to vocational education is before the Senate, consent having been given for its consideration this afternoon. The hour of 5:30 having nearly arrived, some Senators do not think it would be appropriate to take up the bill this afternoon. It is expected that the bill will be proceeded with when the Senate meets tomorrow.

I now move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, April 28, 1936, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 27 (legislative day of Apr. 24), 1936

PROMOTIONS IN THE NAVY

Charles H. Murphy to be lieutenant commander.
John T. Bottom, Jr., to be lieutenant commander.
William Hibbs to be lieutenant commander.
Herbert E. Schonland to be lieutenant.
Andrew E. Harris to be lieutenant.
Edwin R. Swinburne to be lieutenant.
Virgil F. Gordinier to be lieutenant.
Arthur B. Thompson to be lieutenant.
James M. Smith to be lieutenant.
Percy H. Lyon to be lieutenant.
Paul M. Clyde to be lieutenant.
Charles W. Truxall to be lieutenant.
Gordon B. Rainer to be lieutenant.
Richard A. Guthrie to be lieutenant.
Matthew T. Betton to be paymaster.
Clark H. Miley to be paymaster.
Philip White to be passed assistant paymaster.
Louis S. Butler to be chief radio electrician.
Thomas C. Thrasher to be chief radio electrician.
Faun S. Fritts to be chief radio electrician.
Robert E. Trapeur to be chief radio electrician.
Willard C. Calkins to be chief pharmacist.
Ericson Fernquist to be chief pharmacist.
Carl J. Stommel to be chief pharmacist.
Clyde V. Cuson to be chief pharmacist.
Ralph W. Price to be chief pharmacist.

MARINE CORPS

Gilder D. Jackson, Jr., to be lieutenant colonel.
Fred G. Patchen to be lieutenant colonel.
James Snedeker to be captain.
John D. Blanchard to be captain.

POSTMASTERS

MARYLAND

Charles A. Stewart, North East.

MINNESOTA

Ward E. Willford, Canton.
Thomas W. Comnick, Gaylord.
Herman Herder, Jordan.
Vera M. Parks, Nisswa.
Alice M. Freeman, Olivia.
John A. Hilden, Oslo.
Werl I. Smith, Proctor.
Norman T. True, Truman.
Mary A. Bradford, Verndale.
Jennie M. Wurst, Watkins.
Joseph Trojohn, Woodlake.

NEW JERSEY

George J. Imlay, Allenhurst.
Reuben Coyte, Coytesville.
Raymond A. McGrath, Cresskill.
Raymond W. McGreevey, Manasquan.
John N. Rumley, Towaco.

PENNSYLVANIA

Margaret C. Souders, Mount Holly Springs.

VERMONT

Cornelius Buckley, Barton.

WASHINGTON

Aaron W. Wilson, Clarkston.
LeRoy R. Reynolds, Concrete.
John A. Bush, Dishman.
James H. Van Gesen, Ellensburg.
Robert Kinzel, Entiat.
Selma Peterson, Marcus.
William B. Dingle, Newport.
George Allan Carlin, Port Ludlow.
Henry Thom, Ritzville.
Thomas Woodward, Roslyn.
James F. Brislawn, Sprague.
Arthur R. Schooler, Tieton.
May Hanson, Touchet.
Genevieve C. Maurer, White Salmon.

REJECTION

Executive nomination rejected by the Senate April 27 (legislative day of Apr. 24), 1936

Arthur W. Haley to be postmaster at Coeur d'Alene, in the State of Idaho.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 27, 1936

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty and everlasting God, give ear to our supplication and answer us in Thy righteousness and faithfulness; incline our hearts to seek Thee and to revere Thy word. Look through our limitations with the light of Thy sovereign wisdom and command our understanding. O Maker and Ruler of all, before whose infinite greatness we worship, we thank Thee most humbly for splendid visions, for wondrous prospects, and for mighty hopes. We entreat Thee to make Thyself more real in our lives, full of meaning and power. Inspire us to be brave with exemplary conduct that constitutes a telling influence amid the shadows of our day. Bless our President, our Speaker, and every Member of the Congress; as lovers of the truth, we pray that our patriotism and aspirations may glow with incense kindled at the feet of the Master. In His name. Amen.

The Journal of the proceedings of Friday, April 24, 1936, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne its enrolling clerk, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H. R. 399. An act for the relief of A. F. Amory;
H. R. 1265. An act for the relief of N. N. Self;
H. R. 1363. An act for the relief of Petra M. Benavides;
H. R. 1440. An act for the relief of Arthur W. Bradshaw;
H. R. 1915. An act for the relief of Henry O. Goddard;
H. R. 1963. An act for the relief of Edgar H. Taber;
H. R. 2189. An act for the relief of Julia M. Ryder;
H. R. 2622. An act for the relief of M. Waring Harrison;
H. R. 2623. An act for the relief of J. W. Hearn, Jr.;
H. R. 2936. An act for the relief of J. H. Taylor & Son;
H. R. 3152. An act for the relief of Joseph Jochemczyk;
H. R. 3155. An act to confer jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of the Bankers Reserve Life Co. of Omaha, Nebr., and the Wisconsin National Life Insurance Co. of Oshkosh, Wis.;
H. R. 3383. An act to provide a preliminary examination of the Greenbrier River and its tributaries in the State of West Virginia, with a view to the control of its floods;
H. R. 3384. An act to provide a preliminary examination of the Cheat River and its tributaries in the State of West Virginia, with a view to the control of its floods;
H. R. 3385. An act to provide a preliminary examination of the Potomac River and its tributaries, with a view to the control of its floods;
H. R. 3513. An act for the relief of Archie P. McLane and Hans Peter Jensen;
H. R. 3573. An act for the relief of Jens H. Larsen;
H. R. 3673. An act for the relief of Bernard V. Wolfe and the Dixon Implement Co.;
H. R. 4031. An act for the relief of Stanley T. Gross;
H. R. 4277. An act for the relief of James R. Russell;
H. R. 4362. An act for the relief of Patrick J. Leahy;
H. R. 4411. An act for the relief of Mary L. Munro;
H. R. 4571. An act for the relief of William W. Bartlett;
H. R. 4638. An act for the relief of Elizabeth Halstead;
H. R. 4660. An act for the relief of Robert C. E. Hedley;
H. R. 4725. An act for the relief of Catherine Donnelly, Claire E. Donnelly, John Kufall, Mary F. Kufall, and Elizabeth A. Tucker;
H. R. 4779. An act for the relief of Capt. Chester Gracie;
H. R. 4951. An act for the relief of the Moffat Coal Co.;
H. R. 4953. An act for the relief of Doris Lipscomb;
H. R. 4965. An act for the relief of M. M. Smith;
H. R. 4999. An act for the relief of Marie Linsenmeyer;
H. R. 5491. An act for the relief of the Bethlehem Fabricators, Inc.;
H. R. 5625. An act for the relief of Sperry Gyroscope Co., Inc., of New York;
H. R. 5753. An act for the relief of Edith H. Miller;
H. R. 5827. An act for the relief of Elizabeth Wyhowski, mother and guardian of Dorothy Wyhowski;
H. R. 5874. An act for the relief of Hugh B. Curry;
H. R. 5974. An act for the relief of Thelma L. Edmunds, Mrs. J. M. Padgett, Myrtis E. Posey, Mrs. J. D. Mathis, Sr., Fannie Harrison, Annie R. Colgan, and Grace Whitlock;
H. R. 6344. An act for the relief of the estate of John A. McGloin;
H. R. 6520. An act for the relief of Preston Brooks Massey;
H. R. 6578. An act for the relief of Joseph A. Therry;
H. R. 6599. An act for the relief of Florence Helen Klein, a minor;
H. R. 6669. An act for the relief of Mrs. Earl Poynor;
H. R. 6698. An act for the relief of Mae C. Tibbett, administratrix;
H. R. 6821. An act for the relief of Alfred J. White, M. J. Banker, and Charlyn DeBlanc;
H. R. 6828. An act for the relief of George H. Smith;
H. R. 6848. An act for the relief of the First Federal Savings & Loan Association of Shawnee, Okla.;
H. R. 6999. An act for the relief of Frank Rottkamp;
H. R. 7031. An act for the relief of Georgiana Minnigerode, widow of Capt. Karl Minnigerode;
H. R. 7529. An act for the relief of Mariano Biondi;
H. R. 7861. An act for the relief of Mrs. J. A. Joullian;
H. R. 7867. An act for the relief of Adolph Micek, a minor;
H. R. 7904. An act for the relief of the Grant Hospital and Dr. M. H. Streicher;
H. R. 7963. An act for the relief of J. Edwin Hemphill;
H. R. 8034. An act for the relief of Mae Pouland;
H. R. 8088. An act for the relief of Nahwista Carr Bolk;
H. R. 8094. An act for the relief of Dr. J. C. Blalock;
H. R. 8113. An act for the relief of Louis George;
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H. J. Res. 223. Joint resolution conferring upon the Court of Claims jurisdiction of the claim of the Rodman Chemical Co. against the United States;

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H. J. Res. 553. Joint resolution extending the time for the Federal Trade Commission to make an investigation and file final report with respect to agricultural income and the financial and economic condition of agricultural producers generally.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 396. An act for the relief of the Virginia Engineering Co., Inc.;

H. R. 3823. An act for the relief of Albert Thesing, Jr.;

H. R. 4016. An act to repeal section 16 of the act entitled "An act to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes", approved May 29, 1934;

H. R. 4159. An act for the relief of Anchorage Commercial Co., Inc.;

H. R. 7092. An act for the relief of Capt. Percy Wright Foote, United States Navy;

H. R. 7253. An act for the relief of James Murphy Morgan;

H. R. 7468. An act for the relief of Izelda Boisoneau;

H. R. 7736. An act to provide for the establishment of the Whitman National Monument;

H. R. 8599. An act to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board and increase efficiency in administration of the steamboat inspection laws, and for other purposes;

H. R. 9125. An act for the relief of Dr. F. U. Painter, Dr. H. A. White, Dr. C. P. Yeager, Dr. W. C. Barnard, Mrs. G. C. Oliphant, Amelia A. Daimwood, the Sun Pharmacy, Bruno's Pharmacy, Viola Doyle Maguire, Louise Harmon, Mrs. J. B. Wilkinson, Sisters of Charity of the Incarnate Word, Grace Hinnant, and Dr. E. O. Arnold;

H. R. 9153. An act for the relief of Evelyn Harriett B. Johnstone;

H. R. 9484. An act to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended;

H. R. 9673. An act to authorize the recoinage of 50-cent pieces in connection with the California-Pacific International Exposition to be held in San Diego, Calif., in 1936;

H. R. 10193. An act to amend the act to fix the hours of duty of postal employees;

H. R. 10267. An act to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended;

H. R. 10565. An act for the relief of Mr. and Mrs. William O'Brien; and

H. R. 11103. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.

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

S. 1435. An act conferring jurisdiction upon the United States District Court for the District of Connecticut to hear, determine, and render judgment upon the claim of Elizabeth Kurau;

S. 2158. An act for the relief of Franz J. Feinler;

S. 2243. An act relating to the allocation of radio facilities;

S. 2694. An act to add certain lands to the Columbia National Forest in the State of Washington;

S. 3053. An act conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes;

S. 3067. An act for the relief of A. J. Watts;

S. 3080. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of John W. Hubbard;

S. 3191. An act for the relief of John C. Crossman;

S. 3241. An act authorizing adjustment of the claims of F. L. Forbes, John L. Abbot, and the Ralph Sollitt & Sons Construction Co.;

S. 3296. An act to authorize certain payments to the American War Mothers, Inc.;

S. 3301. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes;

S. 3369. An act providing for the posthumous appointment of Ernest E. Dailey as a warrant radio electrician, United States Navy;

S. 3441. An act for the relief of C. T. Hird;

S. 3452. An act 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;

S. 3544. An act authorizing adjustment of the claim of the Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans;

S. 3600. An act for the relief of S. C. Eastvold;

S. 3607. An act for the relief of T. H. Wagner;

S. 3608. An act for the relief of Vinson & Pringle;

S. 3645. An act for the relief of Dampskib Aktieselshap Roskva;

S. 3652. An act for the relief of George E. Wilson;

S. 3762. An act to authorize the Reconstruction Finance Corporation to make loans secured by receipts on account of national forest reserves, and for other purposes;

S. 3768. An act for the relief of E. W. Jermark;

S. 3769. An act for the relief of Marcellus E. Wright and Lee, Smith & Vandervoort, Inc.;

S. 3784. An act to extend the benefits of the Adams Act, the Purnell Act, and the Capper-Ketcham Act to the Territory of Alaska, and for other purposes;

S. 3797. An act to amend an act entitled "An act authorizing certain tribes of Indians to submit claims to the Court of Claims, and for other purposes", approved May 26, 1920;

S. 3805. An act to authorize the Secretary of the Interior to reserve certain lands on the public domain in Nevada for addition to the Walker River Indian Reservation;

S. 3818. An act authorizing the Secretary of the Treasury to consider, ascertain, adjust, and determine certain claims for damages resulting from the operation of vessels of the Coast Guard and Public Health Service;

S. 3824. An act for the relief of Maud Kelley Thomas;

S. 3839. An act granting a pension to Randall Krauss;

S. 3843. An act to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea, and all other exhibits for exposition purposes;

S. 3850. An act for the relief of Mrs. Foster McLynn;

S. 3861. An act for the relief of the Alaska Commercial Co., of San Francisco, Calif.;

S. 3907. An act for the relief of the State of Nevada;

S. 3932. An act for the relief of Ann Rakestraw;

S. 3956. An act for the relief of Jacob Kaiser;

S. 3977. An act to authorize the Washington Gas Light Co. to alter its corporate structure, and for other purposes;

S. 3989. An act to provide for the construction and operation of a vessel for use in research work with respect to Pacific Ocean fisheries;

S. 4023. An act to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes;

S. 4052. An act for the relief of W. D. Gann;

S. 4115. An act for the relief of Charles D. Birkhead;

S. 4116. An act for the relief of Grant Anderson.

S. 4119. An act for the relief of Bernard F. Hickey;

S. 4184. An act to amend the last paragraph, as amended, of the act entitled "An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States", approved February 7, 1925;

S. 4207. An act for the relief of Reuben M. Wright;

S. 4214. An act to provide for a preliminary examination of the Sabine and Neches Rivers, with a view to controlling their floods and regulating, conserving, and utilizing the waters thereof, and for other purposes;

S. 4228. An act to authorize a preliminary examination of the Salmon River in the State of Oregon with a view to the control of its floods;

S. 4230. An act to amend section 28 of the enabling act for the State of Arizona, approved June 20, 1910;

S. 4233. An act for the relief of William H. Brockman;

S. 4265. An act to authorize the Secretary of War to set apart as a national cemetery certain lands of the United States Military Reservation of Fort Bliss, Tex.;

S. 4271. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;

S. 4298. An act to authorize an appropriation to pay non-Indian claimants whose claims have been extinguished under the act of June 7, 1924, but who have been found entitled to awards under said act as supplemented by the act of May 31, 1933;

S. 4326. An act granting the consent of Congress to the Department of Public Works of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at or near Northampton, Mass.;

S. 4353. An act to provide for the establishment of a term of the District Court of the United States for the Western District of Oklahoma, at Shawnee, Okla.;

S. 4355. An act to authorize a preliminary examination of the Delaware River with a view to the control of its floods;

S. 4358. An act for the relief of Harry L. Parker;

S. 4359. An act for the relief of W. D. Reed;

S. 4360. An act for the relief of Melba Kuehl;

S. 4374. An act for the relief of Ruth Edna Reavis (now Horsley);

S. 4379. An act for the relief of the Indiana Limestone Corporation;

S. 4391. An act authorizing certain officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered;

S. 4395. An act for the relief of the State of New Jersey;

S. 4400. An act for the relief of Barbara Jaeckel;

S. 4405. An act to amend section 11 of the Federal Register Act, approved July 26, 1935 (Public, No. 220, 74th Cong.);

S. 4416. An act for the relief of Josephine Russell;

S. 4432. An act authorizing and directing the Secretary of War to lease land on the Fort Moultrie (S. C.) Military Reservation to the owners of certain cottages thereon;

S. 4444. An act directing the Court of Claims to reopen certain cases and to correct the errors therein, if any, by additional judgments against the United States;

S. 4447. An act for the relief of J. L. Summers;

S. 4448. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundred and fiftieth anniversary of the issuance of the charter to the city of Lynchburg, Va.;

S. 4470. An act to authorize the issuance of additional coins in commemoration of the fiftieth anniversary of Cincinnati, Ohio, as a center of music;

S. J. Res. 61. Joint resolution to repeal an act approved February 17, 1933, entitled "An act for the relief of Tampico Marine Iron Works", and to provide for the relief of William Saenger, chairman liquidating committee of the Beaumont Export & Import Co., of Beaumont, Tex.;

S. J. Res. 219. Joint resolution authorizing the President of the United States to award a posthumous Congressional Medal of Honor to William Mitchell; and

S. J. Res. 247. Joint resolution authorizing the recognition of the three hundredth anniversary of the founding of Harvard College and of the beginning of higher education in the United States, and providing for the representation of the Government and people of the United States in the observance of the anniversary.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 753. An act to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co.;

S. 998. An act to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass.;

S. 1110. An act for the relief of A. Randolph Holladay; and

S. 4335. An act to authorize the coinage of 50-cent pieces in commemoration of the centennial celebration at Cleveland, Ohio, to be known as the Great Lakes Exposition.

The message also announced that the Senate had passed the following resolution:

Senate Resolution 291

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOHN T. BUCKBEE, late a Representative from the State of Illinois.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 12 o'clock m., Monday, April 27, 1936.

RURAL-ELECTRIFICATION ACTIVITY IN WISCONSIN

Mr. SCHNEIDER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks on rural electrification and include therein a letter from the State board of rural electrification.

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

There was no objection.

Mr. SCHNEIDER of Wisconsin. Mr. Speaker, under leave to extend my remarks I desire to include a report made by Hon. Orland S. Loomis, director of the State of Wisconsin rural electrification coordination, to the National Emergency Council on April 20, 1936. This report reviews the activities of Director Loomis and his associates and the committee representing farm and cooperative organizations to help Wisconsin farmers get electric-power service for their farms.

This report is of a special interest now in view of the fact that Congress has just approved legislation continuing the rural-electrification program for a 10-year period. Hon. Morris L. Cooke, Director of the Rural Electrification Administration, and the present staff will continue to handle the administration of the act and granting of loans through the central office in Washington.

I want to direct particular attention to the statement by Director Loomis that private power companies have constructed practically no power lines to farmers in the past 5 years. He also shows that a minimum guarantee of $15 per month for 3 years has been required in Jefferson County, and even then many farms were refused service. Now the company is willing to serve all farmers, including those previously refused service, for a payment of only $4 per month. Farmers in many communities have had similar experiences.

REPORT OF ORLAND S. LOOMIS, STATE DIRECTOR OF RURAL ELECTRIFICATION COORDINATION, TO THE NATIONAL EMERGENCY COUNCIL, APRIL 20, 1936

The Rural Electrification Administration, known as R. E. A., was created by an Executive order of President Roosevelt on May 11, 1935, as an independent agency to initiate, formulate, administer, and supervise a program of projects designed to promote the generation, transmission, and distribution of electric energy in the rural areas of the United States.

Although the Rural Electrification Administration itself has no regional or State offices, coordinating offices and agencies have been set up in many States. Realizing that the farmers of Wisconsin were desirous of taking advantage of the benefits and good purposes which the R. E. A. had to offer, Governor La Follette, in October 1935, created the office of rural electrification coordination in this State, to the end that Wisconsin might obtain for this State its proportionate share of the $100,000,000 allotted for rural-electrification work in this country. The work of this office is that of a coordinating agency. It acts as a liaison between the farmers in this State and the R. E. A. at Washington. During the entire period of its existence the closest of cooperation has existed between this office and that of the R. E. A. at Washington.

The policies of the office are established and guided by representatives of all the educational farm organizations in the State, including the consumer and marketing cooperatives, to wit: Farmers' Equity Union, Wisconsin Farm Bureau Federation, Wisconsin Cooperative Milk Pool, Progressive Farmers of Wisconsin, Wisconsin State Grange, Wisconsin Farm Holiday Association, Cooperative League of Wisconsin, and Northern States Cooperative League. The work is carried out in accordance with such established policies by the undersigned as director.

Wisconsin has much need for rural electrification, because only 20 percent of the farms of this State are now electrified. By reason of the fact that it is a dairy State, it has more needs for the use of electricity than almost any other State in this country. Every effort, therefore, is being made by this office to assist the farmers of this State in obtaining electric service and to thus promote the work of economic recovery in this State.

This office has been furnished quarters at 213 SE in the State capitol, where it is able to carry on the work of distributing R. E. A. literature to interested persons or groups, furnishing speakers for educational meetings, engineering services in the preparation of projects, and other assistance in forming organizations capable of qualifying for loans from the R. E. A.

Although privately owned utilities are eligible and may formulate projects and borrow money from the R. E. A. for the building of rural lines, very few have made application for loans, and those who have made application have been denied loans by reason of the fact that their retail rates were too high to meet the approval of the R. E. A. As a result, practically all of the activity through this office has been necessarily confined to the formation of cooperative organizations. A few municipally owned plants have made application, and the balance, or 95 percent, of the work of this office consists of projects sponsored by farmer cooperatives.

The desire for rural electrification in this State on the part of the farm groups has been unusual. For the past 5 years or more there has been practically no construction of rural electric lines and no desire for electrification has been manifested by the farmers to the privately owned utilities. Since the establishment of this office, however, the growth of the desire of farmers for rural electrification through projects financed by the R. E. A. has been tremendous.

This office has received approximately 600 written inquiries, has interviewed and advised approximately 1,000 farmers, has mailed out 7,000 pieces of R. E. A. literature, has received inquiries expressing interest in rural electrification from nearly 600 townships in this State, and has furnished township maps for proposed projects in 570 townships in this State.

As a result of the inquiries on the part of the farmers of this State and their desire for information concerning the R. E. A. program, this office has furnished speakers who have addressed 240 meetings, the total attendance at which is estimated to have been approximately 30,000 people.

As a result of this interest and activity, farmers have banded themselves together and have driven from farm to farm at their own expense for the purpose of promoting projects. From this activity we have received in this office consumer request blanks signed by more than 16,000 farmers. Seventeen projects have been completed and submitted to the R. E. A. at Washington for approval and allotment. These projects will require a loan allotment of approximately $2,400,000, and will require the building of 2,402 miles of high lines, designed to serve a minimum of 9,500 farm customers. Of these 17 projects, 7 have already been approved by the R. E. A. as to feasibility and self-liquidation.

In addition to the 17 projects heretofore submitted to the R. E. A., 6 additional projects are being completed in this office at this time. These projects cover 2,100 miles of line, proposed to serve a minimum of 6,800 customers and will require an allotment of approximately $2,000,000. Thus, projects which have already been completed in the field and are considered by this office to be feasible and self-liquidating will approximate 4,500 miles of high lines, serving approximately 16,000 farm customers, and will require an allotment of about $4,500,000. Another additional 1,500 miles of high lines, proposing to serve a minimum of 5,000 farm customers and will require an allotment of $1,500,000, are now in the formative stage and in the field at this time.

The formation of these projects by the farmers on a cooperative basis has awakened the privately owned utilities and spurred them to action. As a result some of the privately owned utilities in this State have rolled up their sleeves and put forth activity designed to retain the rural business which they have ignored for many years. Although the extensions on the part of the privately owned utilities in the rural areas during the past 5 years have been practically nil, the activity of this office, backed up by the good purposes which the R. E. A. at Washington has to offer, has crowded many of these companies into the field, resulting in a very substantial contribution to economic recovery in this State.

The chief reason for the activity of the privately owned utilities is the fear on their part that the establishment of cooperative projects will create a yardstick of power cost much lower than that in force among the private utilities, and that such yardstick will cause them to reduce the rates they are now collecting. In other words, this program for rural electrification is accomplishing the same results as the Federal program in the Tennessee Valley, in crowding the privately owned utilities into the field. Heretofore they have served only those areas which they considered the cream. They have overlooked and ignored some of the lean territory known as the skimmed-milk area. The R. E. A. projects aim to include as much of the skimmed-milk area as possible, and privately owned utilities are for the first time willing to take care of some of it.

In addition to the activity of many of the private companies in the willingness which they are showing in their desire to build rural lines, they have developed a very decided opposition to the cooperative projects. They have hampered them in their development by spreading propaganda in opposition to them. They have attempted to cripple them by building lines in strategic parts of contemplated projects. These lines, in some instances, have been built with no intention of serving even a single customer. They have been built to occupy highways in such a manner as to block R. E. A. loans or to pick out the cream of the territory, and thus reduce the density of customers in such manner as to leave the project unfeasible.

Such activity on the part of some of the companies in this State has caused much delay and confusion. A project of 650 miles in Rock and Jefferson Counties, heretofore approved by the R. E. A. as to feasibility and self-liquidation, has been split into two parts, and the work which should now have been under way in this project has not commenced. As a result of the splitting of the project, 225 miles which were to be built in Jefferson County are now to be built by a private company. The willingness of the farmers in this area to accept service from the private company has come about by reason of the private company's reduction in its rates and line-extension requirements. Where it heretofore required the farmer to pay approximately $15 per month for 36 months as a minimum guaranty, it now requires the payment of only $4 per month. In addition, the company is now willing to serve anyone in the area, many of whom it had heretofore refused to serve. As a result, more than 1,000 farmers in this area will be saved approximately $11 per month for 36 months, or a total of approximately $400,000.

Another 225 miles of electric lines in Walworth County and in one township in Rock County, heretofore organized as a part of one of the cooperative projects, is to be taken over and built by one of the privately owned utilities. This area will serve approximately 700 farmers, at a saving of more than $275,000 over the former requirements of the company.

In addition to these cooperative projects, approximating 450 miles of lines in the three counties heretofore referred to, much additional activity has been stimulated. The Wisconsin Gas & Electric Co. has 600 signed contracts which will require the building of approximately 200 miles of line. The Wisconsin-Michigan Power Co. has 446 signed contracts, which will require the building of approximately 150 miles of line. The T. M. E. R. & L. Co. has 260 contracts signed, which will require the building of approximately 85 miles of line.

The activity of other companies added to that of these 3 companies will bring about the building of nearly 1,200 miles of high lines by private utilities, requiring an expenditure of more than $1,000,000 and serving approximately 4,000 farms. Thus it is estimated that private utilities alone at this time have been stimulated and crowded into making a contribution of $1,000,000 toward economic recovery through the building of these high lines.

To recapitulate, these contributions toward economic recovery should be approximately as follows:

1. Activities of privately owned utilities in building approximately 1,200 miles of line to serve approximately 4,000 customers at an estimated expenditure of $1,000,000.

2. Cooperative and municipal utility projects now set up in this office and at Washington totaling 4,500 miles, serving approximately 16,000 consumers, and requiring an estimated expenditure of $4,500,000. All of the construction work to be done by privately owned, municipally owned, and cooperative projects in this State in 1936 can therefore be estimated to require an expenditure of approximately $6,000,000.

In estimating the contribution toward economic recovery which will result because of the stimulation or crowding of work by the private utilities and by the contemplated work of the municipal and cooperative projects, we cannot stop at this point. It can be readily seen that the building of the contemplated approximate 6,000 miles of high line will require expenditures other than the cost of the high line itself. Reliable estimates indicate that for every dollar spent for the building of high lines 3 additional dollars are expended for the wiring of buildings and the purchasing of appliances and other equipment. Thus, for the approximate contemplated $6,000,000 to be expended for high lines another $18,000,000 will be expended for wiring, appliances, equipment, and other purposes in connection therewith. Thus, for the projects which have been sent to Washington and totaling 2,402 miles of high line, of the 7,500 consumers who have expressed their wishes with respect to appliances which they contemplate purchasing, it is interesting to note the following contemplated use:

Refrigerators	2,118
Electric ranges	492
Washing machines	6,275
Irons	4,238
Radios	6,498
Utility motors	3,332
Milk coolers	24
Milking machines	1,451
Cream separators	304
Vacuum cleaners	2,719
Toasters	2,337
Water pumps	3,622
Water heaters	690
Miscellaneous	1,540

One of the important factors which has contributed to the success of the program for rural electrification is that it has been demonstrated that high lines can be constructed at a more reasonable cost. Prior to the creation of this office and the establishment of R. E. A., private companies insisted that the cost of high lines would average $1,500, and many of them claimed that the cost would exceed $2,000 per mile. In testimony before the public service commission the first part of March, engineers for

private utilities testified that the minimum cost of high lines would be $1,250 per mile. The R. E. A. and this office has insisted that the cost should not exceed $1,000 per mile, and only a few days ago one company, in justifying its liberal line extension policies which it was putting into effect in the Jefferson territory, where it was supplanting the cooperative organizations, said that the line was to be built at a cost of $900 per mile. The driving down of the construction costs of these high lines, thus placing the price more within the reach of the average farmer, is of itself a contribution to economic recovery and will mean much in making possible a greater growth in the desire and demand of the farmers for rural electrification. Resulting from this there will be an added stimulus to our general return to better economic conditions.

It is to be regretted that the privately owned utilities in this State do not cooperate more with the R. E. A. program. Instead of attempting to break up the cooperative projects and refusing to give reasonable wholesale rates, such cooperation would make for a greater force toward general rural electrification and its resultant effect of spurring on business activity. This situation, however, is not peculiar to Wisconsin, because the same attitude and problem exists throughout the Nation.

Although it is a fact that none of the projects which have been submitted to Washington have reached the point where construction work has started; nevertheless it is now contemplated that it will not be very long before such construction work may be started. The 650-mile project in Rock and Jefferson Counties would be under construction today were it not for the activity of the private companies in splitting it, as has heretofore been explained. It had been singled out as the first project upon which construction work was to commence. The private-company activity, however, has required the Rock portion of the project to be resubmitted, with the result that it will have to be resubmitted for allotment. Progress has been made, however, in other projects. The Richland County project of 231 miles, the Columbia project of 244 miles, and the Dane-Iowa-Green project of 150 miles have been approved by the R. E. A. and are now before the Treasury Department for allotment. The first two of these projects have a municipal utility as their source of wholesale power, and unless some unforeseen difficulties arise should be under construction within the next 60 days. It is anticipated that with construction work commenced on one or two projects that such projects will then constitute a very great influence upon the remaining projects. Once under way, the contribution which rural electrification can make for economic recovery in Wisconsin should become very pronounced.

Dated at Madison, Wis., this 20th day of April 1936.

ORLAND S. LOOMIS,
Director, Rural Electrification Coordination.

PROCEDURE IN COMMITTEE

Mr. MAPES. Mr. Speaker, I desire to submit a parliamentary inquiry to the Chair.

The SPEAKER. The gentleman will state it.

Mr. MAPES. During the debate in the Committee of the Whole House on the state of the Union on the revenue bill on Friday the question was brought up at different times——

Mr. BANKHEAD. Mr. Speaker, if the gentleman will permit, what page does the gentleman expect to refer to?

Mr. MAPES. I shall refer to the pages in just a moment if the gentleman will permit.

The question was brought up at different times with regard to the latitude which should be allowed Members in the discussion of the tax bill in the Committee of the Whole House on the state of the Union under the special order which was made in the House to consider that bill.

Certain Members were given permission to extend their remarks in the RECORD, and in looking over the record of the proceedings of Friday the question again arose in my mind, and I desire to ask the Speaker what latitude Members may exercise, not only in the debate that takes place on the floor during the consideration of the bill in the Committee of the Whole House on the state of the Union but also in any extension of their remarks, and in that connection I call the attention of the Speaker to just what was done by the House in making in order the consideration of this bill.

If the Speaker will give me his attention for just a moment, and in answer to the gentleman from Alabama I may say that on page 5709 of the RECORD the gentleman from North Carolina, the chairman of the Committee on Ways and Means, Mr. DOUGHTON, asked unanimous consent that—

When the tax bill is taken up there may be 16 hours' general debate on the bill, the time to be equally divided between those favoring the bill and those opposing the bill, the time of those favoring the bill to be controlled by myself, and of those opposing the bill to be controlled by the gentleman from Massachusetts [Mr. TREADWAY], and that the debate be confined to the bill.

This request was granted by the House. When the House convened on the morning of Thursday, April 23, the distinguished Democratic leader, Mr. BANKHEAD, addressing the House, said:

Under the special order of the House, 16 hours has been provided for general debate on the bill, the debate to be confined to the bill. After conference with the Speaker of the House and the chairman of the Committee on Ways and Means we have reached the decision that it is most important for us to go through with the consideration of this bill without interruption, and therefore I want to give notice that I trust no Member of the House on either side will submit any request for special consideration to speak or for permission to speak out of order or for special time outside of the consideration of the bill as now provided.

I may say in passing that requests were made in the Committee of the Whole, or at least a request was made by one Member, to speak out of order, and the question was raised as to the power of the Committee to grant such request under this agreement, and, of course, the Chairman of the Committee very properly held that the Committee could not violate the express order of the House, although the individual Member seemed to take some offense at the rule being complied with. On April 24, page 6079 of the RECORD, the distinguished chairman of the Committee on Ways and Means submitted this request:

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days after the passage of the tax bill in which to extend their own remarks in the RECORD on the bill.

The SPEAKER. Was that request made in the House or in Committee of the Whole House on the state of the Union?

Mr. MAPES. It was made in the House, but the request was expressly confined, as the Speaker will note, to extensions of Members of their own remarks in the RECORD on the bill, for 5 legislative days after the passage of the bill.

I now wish to submit the question to the Speaker without making any reference to any individual remarks, because I assume the extensions were made in perfect good faith and, with one possible exception, they are extensions which would have been perfectly proper if permission had been given in the House for the Member to extend his remarks. My inquiry is, Is there any limitation upon the right of a Member to extend his remarks made in the Committee of the Whole on any subject or in any way he sees fit, and if there is, what the limitation is, keeping in mind the special order of the House that debate be confined to the bill, which I assume carries with it the assumption that extensions of remarks shall also be confined to the bill?

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

Mr. MAPES. I yield to the gentleman from North Carolina.

Mr. WARREN. I think the gentleman should be specific both for the information of the House and especially for the information of the Chairman of the Committee of the Whole House on the state of the Union, who is presiding during the consideration of this bill.

Mr. MAPES. I may say to the gentleman that my inquiry is not directed at any decision of the Chairman of the Committee. The question which arises in my mind is with respect to extensions over which, of course, the Chairman of the Committee has no jurisdiction whatever.

Mr. WARREN. Of course, I do not know whether it is a mild indictment of me or not, and that is beside the mark, but I think the gentleman should be specific with the Speaker in pointing out what it is that has gone in the RECORD that should not have gone into the RECORD under this rule or agreement.

Mr. MAPES. Let me say to the gentleman from North Carolina that he knows, I think, that I would not attempt to indict him in any way, and I want to make this just as impersonal as possible, because in what I have said I do not want to convey any criticism of anybody, but I do think that for the integrity of the RECORD we ought to have some understanding about it. It does not seem to me that when the House has granted permission to Members to extend their remarks on the bill only that they have the right to wander all over the universe in making such extensions.

Mr. WARREN. I wish to say this: I think an examination of the RECORD will disclose that if any extraneous matter was inserted, the Chair asked the question specifically was there objection, and if there is any—and frankly I think there has been some—the gentleman from Michigan who always religiously attends meetings of the House, was present and offered no objection at the time.

Mr. MAPES. What the gentleman says is correct; but it is to be assumed that the requests were made under the limitations which controlled the Committee of the Whole House on the state of the Union, and that the extension would be confined to the bill. A request in the Committee cannot overrule or override the express order of the House.

Mr. WARREN. If the gentleman will look at the RECORD he will see that the Chairman specifically asked the question was there objection to the inclusion of the papers. The gentleman from Michigan sat there and offered no objection and it went into the RECORD.

Mr. MAPES. The Chairman of the Committee of the Whole did ask the question; there is no question about that. I have in mind no criticism of anybody, and particularly the Chairman of the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BANKHEAD. Of course, the Speaker will have no difficulty in answering the parliamentary inquiry submitted by the gentleman from Michigan. There is no question that under the consent given the remarks were to be confined to the bill. But the gentleman will recall, as well as the Chairman of the Committee of the Whole House on the state of the Union, that even some members of the Ways and Means Committee departed very largely from the rule, although they were not called to order. The gentleman from New York [Mr. TABER], the gentleman from Michigan [Mr. WOODRUFF], and others, and even the gentleman from Michigan who is now speaking, departed somewhat from the limitation. Of course there is some latitude in these matters unless the Member is called to order.

The gentleman has not pointed out any specific ruling that could be made by the Chair except on general principles.

Mr. MAPES. I will state that I think it is largely a matter, or partly a matter, in the discretion of the individual Member in the first instance, and it is partly for the purpose of calling the attention of Members to the rule that I am raising the question.

The gentleman from Alabama mentioned individuals. I am going to refrain from mentioning any individual, although all the remarks or extensions that I have in mind were made by Members on the Democratic side of the Chamber. I think, if the gentleman from Alabama will read the remarks which I can point out to him, he will reach the conclusion that the extensions were not in compliance with the rule; and I may say to the gentleman that I think a great deal of latitude was indulged in on both sides of the House in discussion of the bill, although the particular remarks that I have in mind seem to me to go further than the others.

The SPEAKER. After all, the Chair must be guided by the rule of reason. Under the circumstances under which the bill is being considered, if we adhere to the orders of the House, debate must be confined to the subject matter of the bill, and any debate which does not confine itself to the subject matter of the bill or which is not in some way related to the tax matters under consideration would not be in order.

The Chair does not think the Committee of the Whole House on the state of the Union, under the orders previously made, and to which the gentleman from Michigan [Mr. MAPES] has referred, would have the right to permit the inclusion of articles, editorials in newspapers, or magazine articles as a part of one's remarks, unless specific permission has been obtained from the House for that purpose.

Under the request of the gentleman from North Carolina [Mr. DOUGHTON] all Members of the House have 5 legislative days within which to extend their own remarks in the RECORD. The Chair calls attention of the House to the fact that the request was so worded and so granted, as appears in the RECORD, so as to limit such extensions to the subject of the tax bill. It is clear to the Chair that if any Member desires to insert editorials, articles in newspapers and magazines, or any matter other than the remarks uttered by him on the floor he would have to secure that permission from the House. The Committee of the Whole has no power to authorize the extension of matters which do not in some way relate to the tax bill under discussion.

Does that answer the gentleman's parliamentary inquiry?

Mr. MAPES. Mr. Speaker, I think the Chair has answered the question as definitely as it can be answered. I take the answer of the Chair to mean that matters that are clearly extraneous to the tax bill cannot be included in extension of remarks, even though they are the Member's own statements.

The SPEAKER. That is true. Of course, as the Chair intimated at the outset, it is largely a matter of common sense in the application of the rule and its construction.

PAYMENT OF THE ADJUSTED-SERVICE CERTIFICATES

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address by my colleague from Virginia [Mr. FLANNAGAN] on the soldiers' bonus.

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

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, under leave granted, I submit for printing in the CONGRESSIONAL RECORD an address delivered by the gentleman from Virginia [Mr. FLANNAGAN] at Norfolk on March 15:

After a long and bitter fight, we have won a great victory. And we have met here today in the city of the one who started that fight to celebrate that victory.

In the beginning may I pause for just a minute and pay tribute to one of your fellow townsmen, W. B. Shafer, Jr., who initiated the movement that finally resulted in doing simple justice to our soldier boys by paying them an honest debt long past due, and thereby removing a stain from our national honor. Did you ever stop to think that the first and only default this Government ever made in the payment of an honest debt was in the payment of the debt due the men who crossed the sea and fought in a foreign land to defend and uphold the name and honor of this Republic? Thank God that default has been wiped out! All honor to Mr. Shafer, who started the fight that wiped out the default.

It has been a long fight, at times a bitter fight, which makes the victory all the sweeter.

There were those arrayed against us, I am aware, who were honest, conscientious, patriotic men and women, and who fought the payment of the adjusted-service certificates from honest motives that satisfied their own consciences. Whatever the cause back of their opposition, I know they acted from honest motives, and for them I entertain the highest regard. I never criticize men because they fail to see things as I see things, if I know they are looking through honest and conscientious glasses.

But there were those arrayed against us who seemed to resent the soldier boys taking an interest in affairs of state. To them, let me say this: The man who defends his country in time of danger is certainly entitled, at least, to a voice in time of peace in the government he has defended and held secure. And may I add that, in my humble opinion, it is his duty to express that voice in such a way as to bring justice and fair treatment to his comrades in arms.

And there were those arrayed against us who had hogged—I know the word may grate upon the literary sensibilities of a certain element, but I use it advisedly because it expresses the thought I have in mind—this Government during the conflict, and who were determined to continue to hog this Government, even at the expense of the soldier boys, in time of peace. Cruel words, I hear some say. Yes; many truthful words are cruel words, but remember, I am applying them to cruel men. These are the fellows who ever clothe themselves in the raiment of the patriot, but whose patriotism is only vocal. There are the fellows who unfurled the flag and spread the wings of the eagle when the conflict was raging, the boys fighting at $1.10 per day, and they were putting on extra bookkeepers and auditors to keep track of the money they were making out of human misery and human suffering, but who, when the conflict was over, and the boys demanded in the name of simple justice that their compensation be adjusted as was contemplated in the beginning by the Congress, that their disabled be taken care of, and their sick ministered unto, draped themselves in the folds of Old Glory, posed as patriotic guardians of the Treasury, and used the beak and talons of the eagle to ward off the just claims and demands of the defenders of our country.

Let me make this proposition to these vocal patriots, whom gunpowder would affect like poison gas, and the crack of the rifle or the roar of the cannon would give the jitters, that the fighting patriots in this country are perfectly willing to fight for love of country plus clothing, bread, and meat, if they will stay at home and only receive as compensation for their home service the same kind of clothing, the same kind of meat, and the same kind of bread. Isn't that fair? Isn't that right and just? Why call upon the flower of American manhood in time of danger to make the supreme sacrifice and at the same time give the stay-at-home the opportunity of a lifetime?

Let me tell you something: You take the profit out of war and make the stay-at-homes undergo just a few of the many hardships that the soldier boy is subjected to daily and you will go a long way toward getting rid of war. But let me give you a sure recipe against war: The next time you write a draft law provide that the munitions makers, the international bankers, and the large industrialists are to be the first drafted and are to be the first to occupy the front-line trenches, and you will see old Mars retreat before a single draft board is set up.

We who have gathered here today, along with countless millions in this land, maintain that it is not right for some men to defend their country for love plus $1.10 per day, while others remain at home, only to capitalize financially on human suffering, human misery, and even death itself. If you conscript men to fight, you should also conscript men to keep the home fires burning. In other words, those who remain at home, under the protection of those who go to the front, should not be allowed to pocket a single dollar denied those who fight.

And we who have gathered here today, along with countless millions in this land, not only believe the soldiers were entitled to an adjustment, but we further believe that the adjustment should have been paid in cash back at the time the service was rendered and not with an I O U payable 26 years after the conflict and after the debt became due and payable.

But as strange as it may sound, after the war, in spite of the fact that the Congress, when the Selective Service Act was passed fixing the pay for soldiers, clearly indicated that an adjustment would be made after the conflict in the event it was deemed proper, and in spite of the fact that the Congress after the war solemnly adjudicated that an adjustment was proper and fixed the amount of the adjustment, we were told that the Government did not have the money, and this at the very time when we paid out in cash by way of this, that, and the other adjustment, several times the amount required to pay the adjusted-service certificates.

Let's look into some of the adjustments that were made at the time we were being told Uncle Sam was so hard up that he didn't have the money to pay our fighting men.

After the war we rewrote around 7,000 war contracts, making adjustments with the contractors, at a cost to the Government of several billion dollars. And we not only rewrote these contracts but we found the money to pay the adjustments in cash.

During the war we took over the railroads, agreeing to pay the owners a guaranteed return equal to the average return 3 years prior to our entry into the war, which was the most prosperous period of railroading in this country. After the war we adjusted these railroad contracts, agreeing to pay $3,000,000 per day for the next 6 months after being turned back. Although this adjustment amounted to between one and two billion dollars, we paid it in cash.

There were around 500,000 civilian employees during the war, each working for the Government under a contract that called for a certain salary per month or per year. After the war all these civilian employees who received $2,500 or less per year had their contracts rewritten and were given by way of adjusted compensation, on the average, $1,000 in extra pay. These adjustments were made in cash.

During the war many soldiers worked on the public roads in this country side by side with civilian employees who were receiving $8 per day. These soldiers who had never heard the crack of a rifle or the roar of a cannon had their pay adjusted, receiving by way of adjustment $7 per day, the difference between their soldier pay of $1 per day and the $8 per day drawn by the civilians. These adjustments were paid in cash.

After the war thousands of large income-tax payers had their income-tax returns rewritten or adjusted on the theory that they did not charge off a sufficient amount for depletion and depreciation. And while these refunds amounted between 1922 and 1929 to more than $3,000,000,000 they were paid in cash, plus 6 percent interest. The then Secretary of the Treasury, Andrew W. Mellon, made large refunds not only to himself but to his companies, and in every case Uncle Andy found the cash to pay the refunds plus interest, though at the same time he was advising the Congress that the Government could not raise the money to pay the adjustment found due the soldiers.

How, may I ask, can you justify cash adjustments to contractors, railroads, civilian employees, many soldiers who served at home, and income-tax payers, and at the same time adjust the payment due the fighting men with I O U's payable 26 years after the service was rendered?

And lest we forget, let me remind you of the fact that at the very time we were putting the soldier boys off with a hard-luck story, we were able to loan foreign nations billions of dollars—four or five times the amount required to pay the debt to the soldiers—knowing at the time that the foreign nations intended to use a part of the money to make a cash adjustment with their own soldiers.

Now, may I ask, can you justify loans to foreign nations in order for them to make a cash adjustment with their soldier boys, and at the same time adjust the payment with our soldier boys by giving them I O U's due 26 years after the service was rendered?

This treatment was not only unfair, it was unjust. It was not right. And while we love patriotism, which is only love of country, we should ever remember that unjust treatment is the germ that breeds resentment and disloyalty.

And so I welcome you here today to celebrate our great peacetime victory. And while the greater honors should go to the leaders in the movement, such as Shafer, Patman, Vinson, Van Zandt, and others, the glory is great enough to be shared by all, even by those of us who only fought as privates in the ranks.

And in welcoming you here, may I say that my beloved native land, the old Mother of States, welcomes you as men and women worthy of her parentage; as those who fought for a principle, not for a season but through the years and until the principle was established.

ROSS A. COLLINS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address by Hon. Ross A. Collins, of Mississippi, on the Leadership of the President.

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

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address which was delivered by Hon. Ross A. Collins before the Democratic League of the District of Columbia on April 24, 1936:

Ladies and gentlemen of the Democratic League, the Republicans are fond of speaking of experience and the lessons to be derived from it. It is true that experience and knowledge are mutually corrective and advance together. However, it is not a simple matter to ascertain the lessons of experience insofar as social problems are concerned. One is very much under the dominance of traditional ideas and they often predetermine his conceptions to a point that he totally misunderstands the lessons of experience and misconstrues the facts. Therefore, we constantly have to revise our conceptions of social problems. The Republicans want to keep us back in the seventeenth century and are irritable at the fact that all attainments of knowledge in the social field have gone against their pet doctrines.

This is not a new phenomenon; throughout the ages in one form or another there have been those interested in keeping the world stationary; the invariable result has been that they have been swept away and their doctrines repudiated. We have such examples in our short history as a nation. All social measures are experiments, and though it may be wise to advance with caution, it does not mean that it is possible to lag too much behind in the solution of pressing problems, or to repudiate proposed solutions because they depart from traditional ideas. History has abundantly shown that such an attitude is often a too high price for any nation to pay.

Such has been the attitude of the orthodox Republicans during the present crisis. The Republican Party has been identified with big-money interests. These interests are financing a campaign against the President based on criticism of details, attempting to magnify these details enough to becloud the whole picture in the minds of the voters. There is a determined attempt to distract the attention of the people to a few faulty details, instead of discussing the whole policy of the administration agencies, their aims, the measures taken to attain them, to what extent these aims have been realized, and how far these measures have stimulated recovery or attained the readjustment necessary for a more balanced position between agriculture, industry, labor, trade, etc., fractions of the community.

The Republican Party is seeking "issues" and slogans to draw away the attention of the people from the imperative needs of the present, and the achievements of the first Roosevelt administration. Why? Because it is not in a position to adopt a program equal to the requirements of present conditions. It is under the control of privileged wealth. If progressive elements asserted themselves, it would mean a repudiation of the fundamentals and traditional policies of the party—a split and disintegration would be the result. The very criticism made to the measures enacted so far—a criticism intensively carried on under various formulas (unconstitutionality, socialism, regimentation, etc.) has been directed at the slight adjustments which these measures effected. It is a campaign demonstrating the fact that the Republicans have no alternative except a tendency of evasion of the problems of the present crisis.

For instance, planning in the economic field has been condemned as unnecessary interference on the part of the Government. Yet planning is but a more sound form of formulation of an economic policy; that is, ascertaining the causes of an undesirable situation with a greater measure of exactitude and care, and attempting a solution of the problems on their merits with a knowledge of their requirements, instead of remaining inactive and let chaos drag down the whole economic structure of the country and reduce the numbers of our Nation to poverty and discontent that may take the forms of degeneration, crime, and total violence.

Every policy involves a degree of regulation by the Government. As our Republican friends would have it, when a measure benefits the upper few, as is the case with the tariff, at the expense of the masses of the people, then it is not interference on the part of the Government, it is constitutional and sound; but when a measure is intended to benefit some section of the mass of the people (farmers, labor, tradesmen, etc.), then it is condemned under a number of formulas (unconstitutionality, undue interference, socialism). As a matter of fact, the tariff and the A. A. A. fundamentally rest on the same principle. If the people accept the one, by the same token they must support the other; realizing that the interdependence of the various economic activities, in the long run, benefits them also. But accumulated wealth is uneasy, afraid of precedents of such mutual assistance as disturbing the existing state of disproportion in the exploitation of the national resources and the producing and consuming capacities of the Nation.

Thus the New Deal has been condemned by Republicans as a departure from traditional democracy. This very criticism shows that our opponents admit that it has not been merely a new slogan aiming to evade the solution of difficult problems, but has advanced so far toward their solution as to make the partisans of privilege panicky and bent on getting rid of the measures of the present administration.

The true tradition of the Democratic Party has been to meet the problems of the Nation from the point of view of the great mass of the people. New problems, complex and difficult, have called for new solutions, and the present administration has boldly advanced toward their solution, making use of the knowledge and experience that the country has to offer.

Jeffersonian Democracy and Rooseveltian Democracy are essentially the same; neither looks backward nor closes its eyes to the requirements of the present and the dangers of the future. Both have been and will be as progressive as the problems of the times impose. It was no one else but Jefferson who realized that social requirements and knowledge change so rapidly as to require constant revision of policies and laws, including perhaps the Constitution itself, from generation to generation.

Our opponents are unable to deny that the measures of the Roosevelt administration have brought about recovery. It has come and is progressing. They must answer, then, how was it possible for such bad, utopian measures to be so effective as to bring back so rapidly an economic structure which under the Harding-Coolidge-Hoover regime had reached the point of total collapse. The leader of the present opposition was eager 3 years ago to retire in silence and exile himself. This same leader is becoming vociferous of late to the point of poor taste, displaying the naive belief that this is still the good old time in which politics was a game of rhetoric, high-sounding slogans, and issues intended to conceal evasive positions. If one takes the trouble to reduce this verbosity to a social platform, one easily will find its meaning—neutralization of all readjustment measures and going back to the big-money ideas with as little deviation as possible. It is hardly necessary for me to stress the point of the meaning of such a step.

Recently we are hearing criticism also in connection with the problem of unemployment; that the present administration has not solved it. The fact is that it has reduced but not solved it. Why? For the simple reason that the administration has advanced by degrees slowly, cautiously, and very conservatively toward the solution of the complexity of economic problems. We have had to rebuild the old structure by stimulating economic life upward; a policy of reconstruction, not of violence and destruction, taking full advantage of the natural forces of recovery. In other words, while progressive, the administration has been soundly conservative.

If we face the problem of unemployment frankly, we must admit that even now unemployment cannot be eliminated without further readjustments. Nevertheless, we have the accusations of the Republicans that the New Deal is radicalism. Do they mean to accept widespread unemployment as a permanent condition? Is that their philosophy of hopelessness; that the condition cannot be remedied and hence the people must starve? Could anything be so conclusive of the utter incapacity of the Republican Party of attaining a solution of our problems?

All sorts of wisecracks have been made about the agencies of the Government intended to afford relief in one form or another to the unfortunate victims of unemployment. The Nation shoulders the burden, and it is privileged wealth that is worried about it. The most interesting point is, however, in the question as to how did this situation come about that so many citizens found themselves on the streets and thus became a burden to the National Treasury. The answer is that the economic policy of past governments has allowed such extreme laissez faire to dislocate the population of the country; to upset their source of subsistence without insuring itself that those responsible for this dislocation and its eventual consequences meet the expenses it involves.

In this manner it is quite clear that those who are responsible for this expense of the Nation are the ones most vociferous against expenditures to relieve the situation and stimulate a normal movement. The Nation pays for their sins, and, of course, what they are uneasy about is that they may be forced out of their vested wealth to help pay for measures necessary to correct the evils they have created, measures being taken to prevent drastic upsets in unemployment, to afford some measure of security to the wage earners and agriculture, and to the National Treasury itself.

We have heard much talk about extravagance. The opponents of the administration certainly cannot say that the relief afforded the unemployed has been extravagant. Their objections are directed at expenditures in general to the point of a cynical interpretation of the popularity of the measures of the Government as partisan calculation. An appreciation of the distress of the masses or the consequences of the continuity of an upset economic structure is so foreign to these gentlemen that they have not hesitated even to coin phrases at the expense of the millions of unemployed countrymen. To protect their property interests today they would let millions starve and go in want, blind to the fact that they could not devise a policy more certain in the end to accomplish their own complete destruction.

Another of their proposals is to balance the Budget. Has this country always had a balanced Budget, even under normal conditions? By no means. Half of the years of its existence the country has not balanced its Budget. More than that, there have been times when the financial medium of the country has been worthless, yet the Nation overcame this, grew and expanded on the basis of the natural resources and the industry of the people. The situation is far from being such at the present time. The Nation has a sound and adequately backed currency and ample credit to meet the requirements of the present crisis. Are we to succumb to old-fashioned calculations in order to let privilege remain immune, and risk social unrest, or are we to be true Americans and Democrats and relieve the great mass of the people affected by the present crisis, and thus relieve the economic distress of the country as a whole? What does the demand for balancing the Budget at this time mean? It means a premature abandoning of all measures of stimulation and relief connected with expenditures. It is hardly necessary to point out that such a step at this time will result in a relapse so rapid as to destroy all that has been gained with such effort to the point that at the end of the financial year the Budget balanced on paper will prove to have remained unbalanced in fact. Because it means nothing to balance the Government Budget if the people's budget remains permanently unbalanced. Even the lords of finance recognize the fact that public finance is something entirely different from the old-fashioned arithmetic which the Republicans employ in considering the financial problems of the country.

The opponents of the administration are fond of high-sounding words; they speak of ideals and think in terms of money. They condemn materialism if it shows a tendency toward a social equilibrium, and yet their conception of liberty is purely materialistic, while the spiritual and intellectual impulses of the Nation be repressed to the point of insuring the dominance of the orthodox dogma in social problems. They constantly condemn communism. Yet orthodox Republicanism has the greatest affinities with it. Republicanism and communism represent the two extremes of a one-sided materialism (laissez faire and complete social control). The present attainments of political economy have repudiated both equally.

That is why the cry against the specialists and against the measures undertaken by the present administration. That is why, instead of solutions, they propose ill-considered demands and contradictory slogans.

The present administration has been practically active in every field of national economy, agriculture, farm credit, labor, and industry, electric power, housing problems, public works, transportation, foreign trade, emergency relief. In all these fields the results have been felt and appreciated by the great numbers of the people as an effort to approach the problems without preconception and solve them on their merits. That is why we rely on the instinct and common sense of the mass of people with utmost confidence. That is why our opponents are dissatisfied with the "education" of this same people who prefer to support those who attend to their problems and give them a chance to make an honest living instead of a perpetual temporizing and waiting for miracles to happen and feeding them on slogans like the notorious "prosperity around the corner."

It is astonishing and dismaying to note the extent to which the lords of finance have concentrated their fear that their vested interests may be disturbed into hatred of one man. A recent magazine article says that the outstanding political development of the last year is that Franklin Roosevelt's opponents now hate him with profound passion, as exemplified by the depth of the bitterness of the excesses of the Liberty League and its allies and by the vast number of wholly malicious rumors attacking the President.

Fortunately, this fanatical hatred which has taken hold on some people who have found that their gods of gold had feet of clay is more than compensated by the grateful love and admiration of millions of people who realize that Franklin D. Roosevelt, as the leader of our new democracy, has opened to them new gates of hope and has saved and restored to them a Government which was toppling on the brink of collapse at the end of the old regime. As time goes along it is more and more apparent that the American people are not going to be led, like dumb beasts, to the slaughter at the hands of the ancient vested oligarchy, but that they are rallying in tremendous and overwhelming majorities to the leadership of Franklin Roosevelt and the practical application of the new ideals for which he and his administration stand.

CALL OF THE HOUSE

Mr. DOUGHTON. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from North Carolina makes the point of order that there is no quorum present. Evidently there is not.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 77]

Adair	Ditter	Houston	Ramsay
Allen	Dorsey	Huddleston	Rankin
Andrew, Mass.	Doutrich	Imhoff	Ransley
Andrews, N. Y.	Duffey, Ohio	Jenckes, Ind.	Reed, Ill.
Barden	Dunn, Miss.	Jenkins, Ohio	Reilly
Berlin	Dunn, Pa.	Johnson, W. Va.	Rich
Bolton	Eagle	Kee	Richardson
Brennan	Eaton	Kinzer	Rogers, Okla.
Brooks	Eckert	Kniffin	Romjue
Brown, Mich.	Edmiston	Kvale	Ryan
Buckley, N. Y.	Ellenbogen	Lambertson	Sabath
Bulwinkle	Faddis	Lamneck	Sanders, La.
Burdick	Fenerty	Larrabee	Sandlin
Cannon, Wis.	Ferguson	Lee, Okla.	Schaefer
Carter	Fish	Lesinski	Sears
Cary	Flannagan	Lewis, Md.	Sirovich
Cavicchia	Focht	Lundeen	Smith, Conn.
Chapman	Ford, Calif.	McGroarty	Smith, W. Va.
Claiborne	Frey	McLean	Stack
Clark, N. C.	Fulmer	McLeod	Starnes
Cochran	Gasque	McMillan	Steagall
Collins	Gassaway	McSwain	Sumners, Tex.
Connery	Gavagan	Marcantonio	Sweeney
Cooper, Ohio	Gifford	Marshall	Taylor, Tenn.
Crosby	Gildea	Maverick	Thomas
Cross, Tex.	Gingery	Montague	Turner
Crowe	Goldsborough	Montet	Turpin
Crowther	Gray, Pa.	Moritz	Utterback
Culkin	Greenwood	Murdock	Weaver
Daly	Gregory	Nichols	White
Darden	Hartley	Norton	Whittington
Darrow	Hill, Knute	Oliver	Wigglesworth
Dear	Hobbs	Peterson, Fla.	Wilson, La.
DeRouen	Hoeppel	Pettengill	Zimmerman
Dietrich	Hope	Quinn	

The SPEAKER. Two hundred and eighty-eight Members have answered to their names, a quorum.

Mr. DOUGHTON. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

THE REVENUE BILL OF 1936

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12395, with Mr. WARREN in the chair.

The Clerk reported the title of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield 1 hour to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain tables, charts, and other matters.

The CHAIRMAN. The Chair will say to the gentleman, in reference to his request for extension, that the Speaker has ruled that that authority should be obtained from the House rather than from the Committee. The gentleman already has authority to extend his own remarks without further permission.

Mr. VINSON of Kentucky. Mr. Chairman, as I heard the Speaker's ruling, permission to include remarks that are extraneous must be obtained in the House. My request, of course, is with respect to remarks confined to the bill.

The CHAIRMAN. Under the procedure so far gentlemen on both sides of the aisle under the privilege of extension have placed in the RECORD documents and quotations from documents that are extraneous to the bill, but under the ruling of the Speaker the Chair thinks that the gentleman from Kentucky should obtain further permission when we get back in the House.

The gentleman is recognized for 1 hour.

Mr. VINSON of Kentucky. Mr. Chairman, it will be my purpose to address my remarks to the tax bill under consideration. [Applause.] I am armed with the report of the subcommittee, with the report of the full committee, with copies of the hearings and a copy of the bill. When I conclude my remarks I will be very happy to yield to any Member of the House for questions. The debate upon this bill shows development to the *n*th degree of the desire and purpose of our minority friends to confuse the issue. With warm personal feeling and friendship for the minority members of the Ways and Means Committee, and without any feeling of rancor in the matter, I ask the House and the country, What objections have been presented to this measure, either in the report or on the floor of the House, other than generalities of conclusions rather than arguments that appeal to the intellectual processes?

Our Republican friends begin the minority report with the statement:

Increased taxes versus reduced expenditures.

Again there is nothing except generalities. No effort is made to point to a specific dollar that could be saved through reducing expenditures. They say that too much money is being spent, and, frankly, I agree with them on this point—but, I ask the question, Who is spending the money? The Congress of the United States must appropriate every dollar of the taxpayers' money that is spent by the Government. As a matter of fact, the situation has been such that the needs of the unfortunate unemployment condition, the hangover from the Hoover administration, have been a tremendous money burden, but, getting down to brass tacks, our friends of the minority have, with deliberate and calculating cunning, refused to specify the spending that they would curtail. They issue a blanket indictment and refuse to submit a bill of particulars. Their real attitude, however, boiled down, is set forth in the minority report. After stating their views in regard to reduction in governmental expenditures they say "until that—(reduction of expenditure)—is done, we are opposed to the imposition of any new tax burden on business or the people."

So we start off with the idea that no tax bill would suit our friends of the minority in this session of Congress. This is their position, even though for months and months prior hereto they have lectured and chastised the party in power with negligence, and even cowardice, for failing to bring in a tax bill that would balance the Budget. I do not say this in severity because I realize that this is a campaign year and that our friends on the minority, for political reasons, may justify their shifting their positions with the winds.

THE SIZE OF THE BILL

The fact that there are 236 pages in this bill is cited in argument against it. Its opponents make much of the fact that there are 236 pages in it; a columnist has referred to it and its technical language; radio broadcasters talk about the length of time required to read it; editorial writers, following the Republican lead, deal with its voluminous size. Frankly, unless a person understood the situation, it is an awesome sight to contemplate. However, let us analyze this particular situation and argument.

In the bill introduced there are 236 pages. In the committee print, which carried the language in the existing law that is not contained in the bill under consideration, there are 249 pages; consequently, by simple subtraction, there are 13 pages of existing law that are omitted from this bill.

The bill under discussion is built in the following manner: The committee took the Revenue Act of 1934, as amended, and used it as a base for H. R. 12395. The revenue laws now in full force are not affected for the taxable years prior to the effective date of this act. We do not repeal existing revenue laws as affecting past taxable years. To do so would see confusion confused. We reenact, for the taxable years involved, so much of existing law as is desired and necessary.

The committee has taken the Revenue Act of 1934, as amended, and has recommended its reenactment, subject to the changes therein necessary to accomplish the purpose of the proposed plan. Excluding the tax on unjust enrichment—the "windfall" tax—and refunds of floor stock tax,

which two titles take up 16 pages of the new bill, there are 220 pages of the present bill dealing with the corporate-income tax. The entire new language in the bill covers about 47 pages, of which only 31 pages deal with the corporate-income plan. In other words, while this measure appears to be a real volume, the actual new matter covers only about 47 pages. Now this does not mean that all that was necessary to do was to write these pages and stick them in the bill. Throughout the bill there are amendments to the existing law, and it was necessary for the committee to virtually dissect the existing laws and make the changes applicable. In some instances it was only necessary to make a change in the rates; in other instances language is stricken which, under the new plan, was not necessary; in still other instances entire new sections were included to express the new plan.

The point that we want to especially emphasize is that while the bill numbers 236 pages there are only about 47 pages of new matter. It might be well at this time to call the attention of the House to the size of similar bills as presented to it heretofore for consideration. In 1924, 1926, and 1928 bills were presented to the House for its consideration which called for reduction in existing income taxes.

Then in 1932, when we had the Hoover administration but a Democratic House, in response to the request of the Treasury and President Hoover, the Democratic Ways and Means Committee rose to their responsibility and presented a tax bill increasing revenues pursuant to their request. That bill contained 278 pages. The much-praised Revenue Act of 1934, which had only 7 votes in the House against it, contained 232 pages. So I do not think anybody need be frightened by the awesome spectacle of 236 pages when 80 percent of it is existing law.

COMPLEXITY OF THE BILL

It is stated that the proposed bill is complex. For that matter, the existing revenue laws are complex—the business structure of the country is complex. We must tax business as we find it. It is because of the versatility of the legal minds advising the taxpayer to create complexity of business structures that requires the close attention in the language used in revenue acts to secure any taxes from such favored taxpayers. I say, without fear of any contradiction, that there is more complexity in the existing laws which we reenact as a part of this revenue measure than in the new language contained herein.

I want to read to you a statement from the hearings upon the present bill by a man who knew what he was talking about, Ellsworth C. Alvord, who in 1921 came with the drafting service. In 1922 he came from the Senate to the House. Then he remained here and helped draft this complicated system of existing law. I say to you that no one is more able to speak of its complexities than Mr. Alvord. Leaving the legislative counsel he went into the service of the Treasury and then we find him as special assistant to the Secretary of the Treasury. Then later, as I understand, personal counsel for Andrew W. Mellon in some of his tax complexities. He is an expert and knows whereof he speaks.

I read:

Mr. ALVORD. Perhaps I am in position to dicuss the complexities of our present tax law. Certainly, at least as much as anyone else, I regret the utter impossibility of the present situation. The statute is unreadable—

He is talking about existing law—

The statute is unreadable, beyond comprehension, and ambiguous. The maze of regulations, ruling, and decisions is appalling.

There is no certainty. Tax liabilities are not known and cannot be computed. There is no finality within a reasonable period of time. Regulations are amended, and rulings reversed, frequently with retroactive application. Litigation is prolonged. The expense to the taxpayer and the Government adds a heavy load to the tax burden. I predict that our present income-tax system will some day fall of its own weight. I am forced to accept my share of the responsibility.

That is the indictment he returns against the existing tax law. I want to be frank and candid in respect to the matter. He said this bill would probably make it worse, although he made certain suggestions as to simplifications that might be made, and I submit we have made almost all of them.

One of his objections to this measure was something that they hoped would be in it but which is not there, God bless them. They have been grabbing and grasping for something vulnerable about this tax measure. They put it out over the whole country that it would require an algebraic formula to compute the tax. Mr. Alvord, expert that he is, asked whether we would have an algebraic formula or tables to compute the tax. Now, there is no algebraic formula in the bill, even though the eminent opponents asserted one would be necessary.

Now, as an example of simplicity, which, as I recall, is a part of the handiwork of our friend, Mr. Alvord, I read herewith the section of existing revenue laws that we commonly refer to as the China Trade Act, enacted under a Republican administration:

CHINA TRADE ACT CORPORATIONS

SEC. 263. (a) For the purpose only of the tax imposed by section 230 there shall be allowed, in the case of a corporation organized under the China Trade Act, 1922, a credit of an amount equal to the proportion of the net income derived from sources within China (determined in a similar manner to that provided in sec. 217) which the par value of the shares of stock of the corporation owned on the last day of the taxable year by (1) persons resident in China, the United States, or possessions of the United States, and (2) individual citizens of the United States or China wherever resident, bears to the par value of the whole number of shares of stock of the corporation outstanding on such date: *Provided*, That in no case shall the amount by which the tax imposed by section 230 is diminished by reason of such credit exceed the amount of the special dividend certified under subdivision (b) of this section.

(b) Such credit shall not be allowed unless the Secretary of Commerce has certified to the Commissioner—

(1) The amount which, during the year ending on the date fixed by law for filing the return, the corporation has distributed as a special dividend to or for the benefit of such persons as on the last day of the taxable year were resident in China, the United States, or possessions of the United States, or were individual citizens of the United States or China, and owned shares of stock of the corporation;

(2) That such special dividend was in addition to all other amounts, payable or to be payable to such persons or for their benefits, by reason of their interest in the corporation; and

(3) That such distribution has been made to or for the benefit of such persons in proportion to the par value of the shares of stock of the corporation owned by each; except that if the corporation has more than one class of stock, the certificates shall contain a statement that the articles of incorporation provide a method for the apportionment of such special dividend among such persons, and that the amount certified has been distributed in accordance with the method so provided.

(c) For the purposes of this section shares of stock of a corporation shall be considered to be owned by the person in whom the equitable right to the income from such shares is in good faith vested.

(d) As used in this section the term "China" shall have the same meaning as when used in the China Trade Act, 1922.

Opponents of the present bill say that the language of the bill under discussion is complicated and that it cannot be administered, but I suggest that anyone that can understand the language in the China Trade Act and any Bureau of Internal Revenue that can administer such an act, as it is doing, can certainly understand and administer this proposal much more easily.

THE SCHEDULES IN THE BILL

But to get back to the bill under discussion. Confusion is pretended to exist in respect of the tables set out in the bill to enable the taxpayer to know what the rate of tax in his particular case is. The bill is taken in hand and they say, "What does column 1 and column 2 on page 15 mean?" If you do nothing more than look at it, it means nothing to you, but if you will read the four lines next preceding these tables it becomes as simple as anything can be.

Column 1 is the percentage of retained income. This figure is arrived at by dividing the adjusted net income into the undistributed net income (retained net income). Now, if it comes out to an even percentage you will find that figure in column 1. Then column 2, opposite column 1 in the table,

is the rate of tax for such percentage of adjusted net income that is undistributed. For example, say your adjusted net income is $100 and you desire to retain $10: Divide $100, the adjusted net income, into $10, the amount retained, and you get ten one-hundredths or 10 percent. We know, without computation, that $10 is 10 percent of $100, but the same rule will apply regardless of what the amount retained is. Now, in column 1 we have 10 percent retained and opposite, in column 2, you see at a glance that the tax rate applicable is 1 percent of the adjusted net income. Therefore, the tax in this instance would be $1, in lieu of the present tax of $12.50. In the event a retention of 20 percent is desired, or $20 in the above case, the tax rate applicable would be 3½ percent or $3.50. If the retention desired amounts to 30 percent, a rate of 7½ percent would apply or a tax of $7.50; under a 40-percent retention a tax rate of 13 percent would apply or $13 tax would be paid in the last-above-cited case.

The use of these tables is so simple that the only explanation that I can give of criticism of them is that the critics have not read the four lines next preceding the table or that they intentionally do not want to understand the mechanics of the bill.

Our friends over on the other side of the aisle have never tried to understand the bill. The first thing they did when this finished bill was given to them was to pore over it to see if that algebraic formula was in it; and it was the most disappointed crowd you ever saw when they found it was not there. Let me tell you, that is so. Instead of putting in an algebraic formula we have made it more simple than existing law. We have given you the brackets by 1 percent instead of by brackets of 10 percent. We have broken it down into 1-percent graduations. So that if you have an even percentage, if the undistributed net income is an even percentage of the adjusted net income all you have to do is to turn to the table and immediately you determine the rate of tax.

I submit that where the amount retained is an even percentage it is much easier to ascertain the tax to be paid by the taxpayer than it is to ascertain what the surtax is under existing law—that is, of course, to anyone who really wants to understand the workings of the new plan.

THE IPTERPOLATOR

Frankly, if the amount retained is not an even percentage, it does become slightly more difficult to ascertain the rate, but anybody who can read and who can add, subtract, multiply, and divide will not have any difficulty in ascertaining the rate of tax applicable to his own individual case. I have noted that certain papers have picked up this language and printed it as not being understandable. I quote from the bill (pp. 15 and 16):

> If the undistributed net income is a percentage of the adjusted net income which is more than 10 and less than 20 (and such percentage is not shown in the foregoing table) the tax shall be a percentage of the adjusted net income equal to the sum of 1, plus one-fourth of the amount by which the percentage which the undistributed net income is of the adjusted net income exceeds 10.

Of course, with this language alone, you have no beginning or ending, but when you take it in connection with the table next above it in the bill, and with the language preceding the table in the bill, it is not so complex. An illustration of the workings of it might be helpful here:

We still use the adjusted net income of $100. In this particular instance the taxpayer wants to retain $14.50 in his surplus. Now we glance at table 1 in the bill—there is no percentage for $14.50 and the query arises—"What rate will be applied in this case?" By reading the bill you will find that the section which we have just quoted is the applicable section. The percentage retained in this case is more than 10 and less than 20 percent of the adjusted net income. This language says that the tax rate will be the sum of 1 plus one-fourth of the amount by which 14.50 exceeds 10. We therefore subtract 10 from 14.50 and the result, we find, is 4.50. Multiplying this by one-fourth or 0.25 we get a product of 1.12½. Now add this product to 1 and you get 2.12½ percent. Multiplying the $100 by this percentage—2.12½—you will find that the tax payable will be $2.12½.

It works likewise from the dividend end. If the dividend declared is an even percentage of the adjusted net income we run our pencil down to whatever this percentage may be in column 1 and find opposite it in column 2, the tax rate applicable.

If the dividend distributed is not an even percentage, then you take your interpolator and ascertain the rate. For instance, assume the adjusted net income is $100 and it is desired to pay out in dividends $75.50, which, of course, we know is not an even percentage of the total adjusted net income. By reading the bill, we find this language applicable to the assumed case:

> If the dividend credit is a percentage of the adjusted net income which is more than 62.5 and less than 76.5 (and such percentage is not shown in the foregoing table) the tax shall be a percentage of the adjusted net income equal to the sum of 3.5 plus two-sevenths of the amount by which 76.5 exceeds the percentage which the dividend credit is of the adjusted net income.

Now, following the language of the bill, we subtract 75½ (the percentage of the adjusted net income desired to be paid out in dividends) from 76½ and we have 1. Following the bill, two-sevenths of 1 is two-sevenths, which, reduced to percentage, equals 0.2857 percent—add this to 3.50 percent and we have 3.7857 percent. Applying this percentage to the adjusted net income of $100 we have an applicable tax of $3.79.

Just a few minutes ago a distinguishing gentleman of this House, Mr. SHANLEY, went to a member of the drafting service and wanted to know why we put in these interpolators. Well, we could say that it was interpolated according to the straight-line method. Then our language could have been omitted. We put the language in because some folks might not understand what is meant by interpolating according to the straight-line method. We drew the actual picture, and I say it is plain enough that even the gentleman from Massachusetts [Mr. TREADWAY] can understand it if he wants to do so.

SCHEDULES 2 AND 2A. BASED ON UNDISTRIBUTED NET INCOME AND ON DIVIDEND CREDIT FOR CORPORATION WITH ADJUSTED NET INCOME OF MORE THAN $10,000

Computations under these schedules are figured in exactly the same manner as illustrated in the foregoing paragraph under schedules 1 and 1A.

SCHEDULE 3. ALTERNATIVE SCHEDULE FOR ADJUSTED NET INCOME OF MORE THAN $10,000 AND LESS THAN $40,000

Now, we had this situation arise. Remember, we are trying to draft a tax bill that is fair and just.

Schedules 1 and 1A deal with corporations with net incomes of less than $10,000. There is no concern whatsoever as to corporate size. It may be a corporation with capital of $1,000 or $1,000,000; the only requisite for securing the lesser tax rate is to have an adjusted net income of $10,000 or less. The same thing applies to schedules 2 and 2A. The condition that deprives the taxpayer of the use of lower rate is his having an adjusted net income of more than $10,000. Our study developed the fact that the increase in rates would be quite abrupt and very unfair to taxpayers in a certain intermediate field. In schedule 1 corporations with net incomes of $10,000 and less, the rate applicable, on basis of 10-percent retention, is 1 percent, while the rate applicable on corporations with adjusted net incomes of more than $10,000 is 4 percent. Under schedule 1 corporations retaining 20 percent, with adjusted net income of $10,000 and less, pay 3½ percent, while under schedule 2 the rate is 9 percent; corporations retaining 30 percent of their adjusted net income under schedule 1 would pay 7½ percent, while under schedule 2 they would pay 15 percent. As an illustration of the situation, assume that a corporation under schedule 1 has a net income of $10,000 and desires to retain 30 percent; the tax would be $750. If the corporation had an adjusted

net income of $10,001 under schedule 2, the tax would be $1,500, or a tax of $750 on $1 over $10,000 of adjusted net income.

In order to level out the inequality of such a condition, we adopted schedule 3, which affects corporations having adjusted net income of more than $10,000 and less than $40,000. The option is given to the taxpayer to compute his tax under schedule 2 and 2A or schedule 3—paying the lesser tax. As this works out, corporations having an adjusted net income of less than $40,000, retaining 10 percent will pay less than that called for under schedules 2 and 2A. Corporations with adjusted net income of $25,700, retaining 20 percent will pay less tax than under schedules 2 or 2A; and corporations with adjusted net income of less than $20,000, retaining 30 percent will pay less than they would pay under schedules 2 and 2A. There are 257,000 corporations making a report of net incomes and of this number 214,000 will have adjusted net incomes of less than $10,000 and will use the lesser rates under schedules 1 and 1A. There are 17,852 corporations having net incomes between $10,000 and $20,000 and such number of these corporations having adjusted net incomes of less than $20,000 and retaining 30 percent will pay a lesser rate than under schedules 2 and 2A. There are 22,881 corporations with reported adjusted net income of between $10,000 and $25,000. All such corporations with adjusted net incomes of less than $25,700 and retaining 20 percent will pay less tax under schedule 3 than under schedules 2 and 2A. There are 29,834 corporations with reported net incomes of between $10,000 and $40,000. Such corporations with adjusted net incomes of less than $40,000, retaining 10 percent will pay less tax than they will under schedules 2 and 2A.

It is stated to us by the actuarial experts in the Treasury that corporations having net incomes of $10,000 or less can retain 42 percent of their net incomes and still pay the same tax as they are now paying under existing law; that corporations having more than $10,000 with rates figured under schedules 2 and 2A can retain 31.9 percent of their adjusted net income and pay the same tax as they are paying under existing law. Of course, this would mean that practically all those corporations in the intermediate class could retain a larger percentage of their adjusted net income and still pay the same tax as they do today.

Schedule 3 is said by some to be tremendously difficult. In order to clarify this in the minds of the Members, we give an illustration of the method that would be followed in making computation under this section:

Assume that a corporation has an adjusted net income of $15,000 and 30-percent retention is desired—what would be their tax?

Apply the low rate in schedule 1 to the entire $15,000. The table shows you that that rate is 7½ percent—$15,000 times 7½ gives you $1,125. Subtract $10,000 from $15,000, and you have $5,000, which is the excess of $15,000 under schedule 1. Now apply the high rate of 15 percent, the rate applicable in schedule 2 with 30-percent retention, to such excess, $5,000, and you have $750. Add the $1,125 and $750, and you have a total of $1,875, the tax to be paid.

To compute the tax under schedule 2, simply take the $15,000 adjusted net income and multiply it by the applicable rate for 30-percent retention, which would be 15 percent, and you get $2,250. As illustrated by this computation, the taxpayer in making his return will pay the lesser rate, or a tax of $1,875, and save $375 because of this optional treatment for the intermediate corporation that is provided in the bill.

Straight-line method is used in arriving at the tax rates for the intermediate corporations. The merging point for 10-percent retention is $40,000; for 20-percent retention, $25,700; and for 30-percent retention, $20,000. Passing the merging points, the applicable rates in schedules 2 and 2A are used.

CUSHIONS

At one time it was thought that all corporations should receive the same treatment under the proposed plan. Some of us felt that there should be preferred treatment accorded taxpayers who were in need of it. Such thought was the father of the classifications of corporations heretofore discussed. In respect of net incomes, giving a material preference in rates to the corporations with smaller net incomes.

The graduated rates under schedules 1 and 1A, as compared with other schedules, follow the same principles and philosophy that are the basis of the graduation in the present individual surtax brackets—it is an income tax; a graduated income tax with lesser rates on the lesser incomes. In all the criticism that has been forthcoming, I have heard none arraigned against the classification of corporations according to whether the net income is more than $10,000, nor have I heard any criticism of the ratio of the rates in schedules 1 and 1A as compared to schedules 2 and 2A.

Criticism has been hurled at the maximum rates provided in the schedules, particularly to the maximum rates applicable to schedules 2 and 2A; namely, the 42½-percent rate. It is natural that this should be the object of political criticism, owing to the fact that the difference between such rates and rates under existing law, approximately 16.4 percent, is considerably larger than the difference between the 29½-percent rate under schedules 1 and 1A and existing law, approximately 14.2 percent.

At one time the corporate rate in Great Britain was 27½ percent—only 2 percent less than the maximum rates under schedules 1 and 1A. This was a flat rate. It is true that by steps this rate was reduced to a 22½-percent rate, which is the existing rate in Great Britain today. However, within the past few days it has been proposed to increase this rate from 22½ percent to 23¾ percent.

When 42 percent of the adjusted net income of a corporation of this class can be retained without the imposition of any additional tax it is apparent that the surplus of such corporation will not be weakened. I make this statement because it is shown that the average amount of net income retained in surplus over the period of the last 10 years is approximately 30 percent, and over the 15-year period next preceding it has averaged approximately 25 percent. It would seem to me that the larger corporations, and particularly those who are using the corporate devices for the purpose of avoiding personal-income tax in the surtax brackets, would average a higher rate of retention than the smaller corporations. Certainly it is true that in the corporations with smaller net income there are numerically more closely held corporations than in those with larger incomes, and naturally in the smaller field there is more need for dividend payments to provide a livelihood. Certainly there is not the natural desire to evade the higher surtax rates, because such shareholders are not within them—or, if within them, the amount of dividends received from corporations with net incomes of less than $10,000 would be so small as to make the increase in tax hardly appreciable to them. However, we have endeavored to protect the working capital of corporations both large and small with certain added rates. Some are prone to refer to them as relief provisions, and our opponents immediately point out that there is an increase in the relief rates in excess of rates under existing law. The rate itself is an increase over the existing rates, but the tax that may come from the combined treatment of the relief provisions and the proposed plan may be substantially less than the corporate tax paid by the taxpayer today. In any event, a rate of 22½ percent is less than the rate of 29½ percent against which maximum rate the provisions afford relief.

Accumulated surpluses are not taxed in this bill. Some folks inadvertently have said it is a tax upon surplus or it is a tax upon undistributed income. This is not correct. It is a tax upon the adjusted net income. We are using the undistributed net income, or the distributed net income, if you please, as the yardstick to determine the corporate tax.

Under existing law, you have gross income and you work from gross income down to your net income. You take off the debts, operating expenses, losses, depreciation, depletion, interest, and a dozen and one other things. The method of computing your tax is not changed in this bill, except we are adding the intercorporate dividends to the gross income.

DEPRECIATION AND DEPLETION

Between the years 1926 and 1930, the official records show that there were written off for depreciation and depletion 16.2 billion dollars; that between the 4 years next following, 1930–33, there was written off in depreciation and depletion 16.4 billion dollars; that for this last period of 4 years, 1930–33, the amount written off and deducted from gross income for depreciation and depletion was 49.9 percent of the net income of the corporate taxpayers; in other words, depreciation and depletion were practically one-half of the net income upon which they paid tax.

So, I say we are not disturbing the present system of computing the tax. We provide schedules 1, 2, and 3, which we think prefer the small income corporations to the larger income corporations, but we did not stop there. We recognized that there were certain corporations that were in a particular field that could not declare dividends. Under the philosophy of this bill, declaring cut dividends means a reduction in the tax. We thought that if your corporations could not declare cut dividends, they should not pay the maximum rates.

The plan suggested for these relief provisions is to impose the tax of 22½ percent upon the amount that may be used under the law. Then, the adjusted net income is to be reduced by the sum of the tax and the amount to which the relief rates were applied. With this new base, then, the general plan is followed. Sections 14, 15, and 16 are the applicable sections to the particular relief provisions to which we have just referred.

SECTION 14

Section 14 permits the imposition of a 22½-percent rate upon such amount as represents the difference between the adjusted net income and the accumulated earnings and profits (computed without diminution by reason of the distribution during the taxable year of earnings and profits, or by reason of the taxes imposed by this title for the taxable year).

To illustrate its application. Say the adjusted net income for the year is $100 and the accumulated earnings and profits are $80—it is apparent that there is a deficit of $20 which, if paid out, is not taxable in the hands of the individual shareholder, since it is a distribution of capital. The amount that makes up this deficit, $20, takes the relief rate of 22½ percent, or a tax of $4.50. The new tax base is the difference between $100 and the sum of $4.50 (the tax) and $20, or $24.50. The new base is $75.50. If this is all distributed the corporation will have paid a tax upon its adjusted net income of 4½ percent. Personally, I am inclined to the notion that the 20 percent, representing capital replacement, should not be deducted from the taxable base of the owner in arriving at capital gain from sale or liquidation, or the rate should be the same as receivership, 15 percent for that part that goes to make up deficit.

This section also meets the many cases where dividends cannot be paid out while a capital deficit exists. Many of the States have provisions to such effect, and we have reduced the rate of tax upon such sums that cannot be declared out as distribution of income from 29½ to 22½ percent.

SECTION 15

Section 15 deals with cases, and there are many of them, where there has been a written agreement executed prior to March 3, 1936, not to pay out dividends until the provisions of the contract have been complied with.

Moneys are obtained upon expressed promises that dividends will not be declared until the loan and interest is repaid in whole or in part. The committee recognizes the position in which the taxpayer is placed and we have reduced the maximum rate applicable in cases of this kind from 29½ percent to 22½ percent. In these cases any part, or all, of the adjusted net income may be used up under this provision. If the entire amount does not come within the provisions of the contract, the total adjusted net income is reduced by the amount that comes under the contract plus the tax thereon, and the new base comes under the general plan. It should be stated that in sections 14 and 15 recognition is taken of State laws, written contracts, and the general principle dealing with nontaxation of return of capital. There may be some discussion as to the rate that should be imposed. Some would maintain that the relief rate should be a lesser figure than 22½ percent, but certainly no one will condemn with fairness the principles involved in these two sections.

SECTION 16—DEBTS

The major opposition presented by witnesses during the hearing was the penalization of corporations for paying their debts. I hardly think that such criticism is really fair, especially when considering the manner in which it was given, because under existing law there is a penalty upon moneys that go toward the payment of debts. Under existing law approximately 16.4 percent must be deducted from the adjusted net income even if every dollar of the remainder goes toward the payment of debts. We have made provisions for the taxpayer to amortize debts as defined in this paragraph over such period of years as he may desire, but not less than 5 years, and to permit the application of the 22½-percent rate to such sums. As an illustration: The taxpayer determines how he will treat his debt structure in connection with taxes. Assume that the debts total $100,000 and that he wants to amortize them over a period of 5 years. In each of his returns for the next 5 years the taxpayer may use $20,000 of the adjusted net income at the 22½-percent rate and then reduce such adjusted net income by the sum of $20,000 plus the tax of $4,500, resulting in a new base of $75,500. If he desired to retain 30 percent of his new adjusted net income, the tax on the remainder would be $11,325. The total tax would be $15,825, or about 15.825 percent on the total adjusted net income.

We must keep in mind that under the philosophy of this bill all dividends distributed by the corporation pay no tax. Now, there will be many corporations that will pay no tax. That money will be paid into the hands of individual income-tax payers, and certainly they are going to be happy to get that income and they will have income with which to pay the tax.

If there is a complete distribution, it is estimated that you will have $4,800,000,000 additional paid to the individual shareholders in this country. If you have 70-percent distribution to the stockholders, it is estimated that there will be paid to those shareholders $3,360,000,000 more dollars.

If every dollar of the additional $620,000,000 in tax were to be paid by the individual shareholders, they would still have in their treasury the difference between $3,360,000,000 and the $620,000,000, or $2,740,000,000.

A COUNTER PROPOSAL

A very distinguished member of the committee on our side of the House was very strong in his denunciation of this tax program. He claims that undue tax burdens will be placed upon industry in this country if this bill goes into effect. We were told that it would require an increase in the corporate tax to 25½ percent to bring in the yield this bill would bring in. That is a flat rate—no preferred rates nor exemptions for crippled companies. Yet my friend from Ohio [Mr. LAMNECK] actually moved the adoption of a 22½-percent flat rate on corporations, the retention of the capital-stock and excess-profits tax. I respectfully submit that industry and particularly crippled industry would be much worse off under such a plan.

I do not quite get the viewpoint of my friend. Under this bill corporations per se will pay less tax, but the owners of the corporation who would pay whether it came out of the corporate treasury or out of their own individual treasury, will pay more because they will receive more income. I have not heard of any shareholders objecting to this bill on the ground that they would pay more individual income tax.

TREATMENT OF DEBTS

In regard to debts, I do not know whether our treatment of the debt situation is all that it should be or not. I know it was the best that we could do under the situation, taking into consideration the time element and everything else. Here is what we do. We define debts. We do not include as debt any money that has been borrowed for operating expenses. That may not suit some folks. The theory of that is that if you borrow money to buy inventory, when you sell your stock the money you borrowed to purchase the inventory comes back to you. What we have done is to freeze debts as of March 3, 1936. The first class of debts brought in this division are debts, bond issues, contracts to pay, where the maturity date is more than 3 years beyond the date of its execution; and, secondly, bewhiskered debts, debts that were created at least 3 years next before March 3, 1936, and exist in original form or have been renewed from time to time. We include the paper that represents that debt as sufficient to bring it under this particular class. This cares for renewals. Then we say that debts embracing moneys that went into capital assets are to be considered under this relief provision. I say to the membership of this House, and the hearings will bear me out, that the major objection directed to the proposed plan grew out of the treatment of debts, and particularly money that had gone into capital assets, which would include plant extensions and things of that kind.

The first time the taxpayer makes a return he will set out what debts he has that come under this provision. Then he has the option of determining the period that he will take to amortize those debts under this 22½-percent plan. Let us assume that the debts aggregate $300,000. He can take 5 years. He cannot take less than 5 years, but he can take 5 years or 10 years or 20 years. All you have to do, if it is a 5-year proposition, is to divide your $300,000 by five, and that means that you can take $60,000 of your adjusted net income and apply it to the debt at the 22½-percent rate and as I pointed out a short time ago, if the other money is distributed, the corporation tax will be 22½ percent of the amount that goes to debt, instead of 22½ percent of the adjusted net income. Then you deduct the amount that goes to debt with tax, and you have a new base for the purpose of calculating the remainder of the tax. Further, the taxpayer does not have to take this money and apply it on the debt. He can take the money and put it wherever he wants to put it.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. I am sorry, but I cannot yield at this time. One other major criticism which has been directed at this bill is that it would impair the surplus, and the working capital of the corporation. I say frankly that if I thought this bill would do this I would not be for it. I made the effort to secure fair treatment for corporations that have their capital impaired.

AGAIN—CUSHIONS

The fact is that our critics do not understand the mechanics of this bill. They have not tried to realize the philosophy of the bill or the mechanics of the bill. If 42 percent of adjusted net income, which is 12 percent more than the average for the past 10 years, or 17 percent more than the average for past 15 years of moneys retained to surplus, can go to surplus for the same tax they are paying now, is that a real hardship? You understand corporations pay this capital-stock tax and excess-profits tax now, regardless of whether they are in receivership, whether they have a capital deficit, and regardless of a contract not to pay dividends, or regardless of their debt structure. They pay that amount now. When 42 percent can go to reserves I submit that that in itself is a real cushion. On the larger corporations, when 31.9 percent can be retained for the same tax they are paying now, that is a real cushion. That is not all that the corporations have. They have the ability to retain 100 percent without paying this maximum rate, either 29½ or 42½ percent. Why do I say that? I say it because it is a fact. Out of the 214,000 small corporations, those with net incomes less than $10,000, how many of them are closely held? How many of them started out as individuals or partnerships in business and then, seeking to get advantage of the corporate entity, of which I have no criticism, they formed a corporation?

A splendid gentleman from Mount Vernon, Ohio, appeared before the committee. He was in the bridge-building business. He was very much disturbed about the bill. He kept talking about this 42½-percent rate. Under his set-up it looked like it would be a tremendous burden. This man impressed me as being a high-class gentleman. I believe his name was Mr. Conley. Finally I asked him about his corporate set-up. He said there were several corporate shareholders. I said, "What kind?" He said, "Common and preferred." I said, "How many are preferred and how many are common?" It developed there were only six people who owned common stock. Of course, salaries had been paid to each of them, I think $36,000 a year for several years. There were six shareholders of common stock. That corporation could declare in dividends 100 percent and pay no corporate tax whatever. It would go into the hands of the six common-stock holders, the owners of the common stock. It would be divided up in their hands. Whether or not they reached the high surtax brackets depended upon income from other sources. There is nothing in this law that would prevent these owners of the common stock, if they wanted this money to be retained by the corporation, after they pay the tax upon the dividends, to buy new stock in the corporation, to buy bonds of the corporation, or to loan it on a plain note of hand, as we say in Kentucky, to the corporation.

You would have identically the same amount of money, less the tax, in the working capital of the corporation, and they would never reach 29½ percent, or 42½ percent, or any other rate. There would be no corporate tax.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. In just a moment. Now take the large corporation with the larger number of stockholders, the broader spread. I think, possibly, what the gentleman from New York [Mr. WADSWORTH] has in mind was the larger corporation. What do they do now? They sell stock rights. They pay out dividends. They sell stock rights. They sell stock in their corporation. They may issue preferred stock for dividends. They may pay dividends in bonds. They may declare dividends and give an option to buy stock. There are any one of a half dozen legal ways of doing it. The gentleman from New York the other day thought it might be evasion or avoiding the tax. It is not at all. The point is that the earnings, the net income, the income intended by the people of this Nation when they adopted this income-tax amendment, is subject to tax by the Federal Government.

I yield to the gentleman from New York.

Mr. WADSWORTH. Referring to the illustration which the gentleman gave a moment ago, using the corporation closely held, with only six shareholders, as I understand, the gentleman states that if that corporation distributed 100 percent of its adjusted net income into the hands of the six shareholders and held none of it for surplus, that the situation can be retrieved for the corporation or the situation balanced by those six shareholders lending money back to

the corporation, less the tax that they have paid as individual income-tax payers. Is the analogy correct? If they loan the money back to the corporation, it is not the corporation's money. It is the corporation's debt.

Mr. VINSON of Kentucky. That is right, and they pay interest on that debt, but they do not pay 29½ percent and they do not pay 42½ percent. That is the point. The gentleman was much concerned about maximum rates. That is all we hear about from the opponents—maximum rates. I say to you that the maximum rates will not attach, will not apply, except in the unusual case. They pay interest on the debts. Yes. What happens? Next year, when they make their income-tax returns they deduct the interest charge on that debt as a part of the deductible items before they arrive at the net income upon which they pay taxes.

Between 1921 and 1930 the American Telephone & Telegraph Co. paid to its stockholders $854,000,000 in dividends. During this same period they collected back from these same stockholders $958,000,000 through the sale of stock rights. In other words, in this 10-year period they recovered into their treasury $104,000,000 more than they declared out in stock dividends. This is the reason we do not hear opposition coming from the real operating companies.

Oh, yes; friends came down here representing the United States Chamber of Commerce. God bless them! I should like to see some legislation sometime that would suit them. We thought we were suiting them in the reciprocal-trade agreements. We wrote the bill in conformity with one of their resolutions. Despite that, they came down and endeavored to have it done thus and so.

The distinguished chairman of our committee in the opening address in this debate referred to the United States Chamber of Commerce representing small business crying against this bill because it tended toward monopoly. I ask you what crowd other than the crowd that met as the finance committee of the Chamber of Commerce would grasp more kindly, more quickly an effort that would tend toward monopoly?

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 additional minutes to the gentleman from Kentucky.

Mr. COOPER of Tennessee. Mr. Chairman, I ask unanimous consent that the gentleman from Kentucky may proceed for an additional 10 minutes.

The CHAIRMAN (Mr. ROBERTSON). Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. GEHRMANN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. GEHRMANN. In my district I have some of the largest cooperatives in the country, for instance, the Northern States Cooperative League. They are worried as to whether they are exempt from the provisions of this bill.

Mr. VINSON of Kentucky. Are they exempt under section 101 of the income-tax laws?

Mr. GEHRMANN. They so state.

Mr. VINSON of Kentucky. Then they are exempt under this bill?

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. MEAD. The gentleman from Ohio the other day made some observations that disturbed me quite a bit. He said there was a provision in the bill that might have a tendency to drive out of business the small packer who, because of the unjust-enrichment tax would have to pay back that which he has not got.

Mr. VINSON of Kentucky. I should like to know, even with all the ingenuity of the gentleman from Ohio [Mr. LAMNECK], just how they are going to collect an income tax on something the taxpayer has not received.

In the first place, the "windfall" tax if it is absorbed—and the gentlemen to whom my friend from Ohio referred all claimed that it was absorbed by them; that because of the competitive condition they could not pass it on, that they never passed it on; if it was absorbed they pay no tax; and, even if it was not absorbed, under the provisions of this bill they must have a net income for that part of the business that deals with the commodities upon which they have collected the tax but have not paid it.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. ASHBROOK. The gentleman is discussing a portion of this tax bill in which I am very much interested. I wish the gentleman would tell me whether or not a company that has received a refund of processing taxes from the Government will be subject to this tax when it has operated at a loss.

Mr. VINSON of Kentucky. Is the company engaging in one business or in many businesses?

Mr. ASHBROOK. It is engaged in one business.

Mr. VINSON of Kentucky. Is this business concern one of the pork packers?

Mr. ASHBROOK. Yes; it is one of the pork packers.

Mr. VINSON of Kentucky. And it does nothing else?

Mr. ASHBROOK. The gentleman is correct.

Mr. VINSON of Kentucky. And they made no net income?

Mr. ASHBROOK. They have no income.

Mr. VINSON of Kentucky. They pay no tax.

Mr. ASHBROOK. Is the gentleman absolutely certain of that?

Mr. VINSON of Kentucky. That is my understanding. I am just as certain of that as I am of anything.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield right there?

Mr. VINSON of Kentucky. I yield.

Mr. SAMUEL B. HILL. There is absolutely no question about that.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. BIERMANN. Is there anything to the accusation that this corporation tax will discourage a company from investing in new equipment and expanding its plant? How is this feature treated in the bill?

Mr. VINSON of Kentucky. If they need more than the surplus left them under all the provisions of the bill the tax might be somewhat larger.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield at this point?

Mr. VINSON of Kentucky. I yield.

Mr. SAMUEL B. HILL. I suggest the gentleman call attention to the provision for reserves, depreciation, depletion, and so forth.

Mr. VINSON of Kentucky. Yes. Take, for instance, depreciation. We found back of 1934 that some were taking more than 100 percent. When we realize that 49.9 of the statutory net income of corporations over the period from 1930 to 1933 is represented in allowances and deductions for depreciation and depletion, that is a pretty fair indication.

The bill contains language relating to complete liquidation which is going to bring in several millions of dollars and which, I think, is a very fair provision. I hope to discuss it more fully.

STOCK DIVIDENDS

Coming now to stock dividends, this is a field that has more or less been surrounded with mystery. Existing law provides that no tax shall be levied upon stock dividends. We strike that from this bill. There are innumerable types of stock dividends that are taxable under the Constitution and under the celebrated case of Eisner versus Macomber.

The kind of securities issued and the change in the proportion of ownership of a person in a corporation are the determining factors as to whether or not it is taxable income under the sixteenth amendment. I am surprised that our

friends on the minority have not been saying that we are trying to undermine the Constitution of the United States when we attempt to tax stock dividends. There are many stock dividends that are taxable.

It is our purpose to allow as a dividend credit distribution in stock of corporations, or in rights to acquire stock of a corporation which constitutes income to the shareholder within the meaning of the sixteenth amendment. In no sense is this is an attack upon the Eisner against Macomber decision. There are many dividends received in stock and stock rights that are distinguishable from the character of stock dividend in the Macomber case, supra, and are actual realized taxable income.

As we see it, a stock dividend that is not taxable is one in which the relative interest of each shareholder of a corporation is unchanged in his stock ownership. The Supreme Court, in the Macomber cases, uses this language:

A stock dividend, evidencing merely a transfer of an accumulated surplus to the capital account of the corporation, takes nothing from the property of the corporation and adds nothing to that of the shareholder; a tax on such dividends is a tax on capital increase and not on income, and to be valid under the Constitution such taxes must be apportioned according to population.

There are however many instances in which dividends in stocks or bonds are issued which are realized taxable incomes under the 16th amendment. The yardstick of ownership in many cases is changed—that is, the relative proportion of ownership in the corporation by a shareholder is increased or decreased.

With permission of the chairman, I insert herewith memorandum furnished me by Mr. Kent, Acting General Counsel of the Bureau of Internal Revenue:

Reference is made to the request of Representative VINSON for a compilation of cases involving the taxability as income of stock dividends.

In the following cases the stock dividends or rights received were considered a mere change of form and not the realization of income and, therefore, were not taxable.

Towne v. *Eisner* (245 U. S. 418).

Eisner v. *Macomber* (252 U. S. 189).

Miles v. *Safe Deposit & Trust Co. of Baltimore* (259 U. S. 247, aff'g. 273 Fed. 822).

United States v. *Mellon* (279 Fed. 91, aff'd. 281 Fed. 645).

United States v. *Davison* (1 Fed. (2d) 465, aff'd. 9 Fed. (2d) 1022, cert. den. 271 U. S. 670).

Michaels v. *McLaughlin* (80 Fed. (2d) 959).

Teehan v. *West* (25 Fed. (2d) 884).

Irving v. *United States* (44 Fed. (2d) 246).

Jackson v. *Commissioner* (51 Fed. (2d) 650).

Pearl B. Brown v. *Commissioner* (69 Fed. (2d) 602, aff'g. 26 B. T. A. 901, cert. den. 293 U. S. 570).

Frances E. Clark (77 Fed. (2d) 89, aff'g. 28 B. T. A. 1225).

Commissioner v. *Kashland* (81 Fed. (2d) 641, cert. granted 56 Sup. Ct. 669).

Theresa Zellerbach et al. (2 B. T. A. 1076).

W. Q. Wright v. *Commissioner* (10 B. T. A. 806).

George T. Smith v. *Commissioner* (21 B. T. A. 782).

T. I. Hare Powel v. *Commissioner* (27 B. T. A. 55).

In the following cases the dividends received were distinguished from stock dividends and could, therefore, be treated as realized, taxable income.

Peabody v. *Eisner* (247 U. S. 347) (dividend of preferred and common stock of a different corporation).

Doerschuck v. *United States* (274 U. S. 739) (dividend of debenture bonds of the same corporation).

Vogt Machine Co. v. *United States* (39 Fed. (2d) 986, certiorari denied, 282 U. S. 861). (Company declared cash dividend, bearing interest at 4 percent, to be paid 6 and 12 months thereafter in stock to be issued.)

United States v. *Fuller* (42 Fed. (2d) 471). (Dividend of the corporation's own bonds.)

Tillotson Manufacturing Co. v. *Commissioner* (76 Fed. (2d) 189, affirming 27 B. T. A. 913). (Accrued dividends on preferred stock paid in common stock of the corporation, some preferred-stock holders, however, accepting cash instead.)

Eugene E. Paul et al. v. *Commissioner* (2 B. T. A. 150). (Cash dividend declared. Six days later new stock issue was authorized, and stockholders agreed that dividend checks would be used to purchase the newly issued common and preferred stock.)

W. J. Hunt v. *Commissioner* (5 B. T. A. 356). (Prior to declaration of cash dividends, stockholders agreed among themselves to apply checks toward purchase of previously issued stock.)

Luthe Hardware Co. v. *Commissioner* (6 B. T. A. 53). (Cash dividend declared, but holders of 294 out of 300 shares held checks until new stock was issued and then endorsed checks over for purchase of new shares.)

J. E. Brading v. *Commissioner* (17 B. T. A. 429). (New stock issued to stockholders of close corporation after passage of resolution that debt thus incurred was to be liquidated by application of dividends due, or to become due, or as the board of directors might direct. A dividend was then declared and applied toward payment of the price of the new stock.)

Margaret B. Payne v. *Commissioner* (19 B. T. A. 1305). (Cash dividend was declared, and checks were issued, but, in accordance with previous agreement among stockholders that this dividend was to be treated as a stock dividend, the stockholders used it to purchase a new issue of stock.)

Joseph Paper v. *Commissioner* (29 B. T. A. 523). (Resolution gave stockholders option to take dividends in cash or in preferred stock.)

L. Elmer Wood et al. v. *Commissioner* (29 B. T. A. 731). (Resolution provided that accrued dividends on 6-percent preferred stock should be paid from net earnings, but preferred-stock holders were given opportunity to use dividends for purchase of entire new issue of 7-percent preferred.)

May I say also that a professor has recently written a very splendid article upon the taxability of stock income—and, by the way, this comes from Columbia University. I want to say that there is not a single Member on the Republican side of this House who will not bear witness with me that Roswell Magill is an authority upon taxation. Even though he is a professor, he is a sound professor, a sound student, and a real teacher in the field of taxation. If they try to back up on this I shall get some of the speeches which have been made by them praising Professor Magill, and properly so. This splendid article appears in the April 1936 volume of the Columbia University Law Review.

BANKS AND TRUST COMPANIES

Under section 104, a rate of 15 percent of the amount of net income of banks is imposed. A bank is defined as a bank or trust company incorporated under the laws of the United States or of any State or Territory, a substantial part of whose business is the receipt of deposits and the making of loans and discounts.

The argument has been used that because we make a flat rate for such corporations, that it is an admission that surplus should be permitted to be built up without restrictions. However, banks and trust companies occupy a peculiar situation in our economic structure. They are under supervision of either the State or Federal Government. They are required by law and by regulations to maintain certain reserves and because of such restrictions they are unable to pay out dividends and consequently they would be injured if they were subjected to the maximum rate.

Again if they were to pay out in dividends their earnings and profits, it might be only the next day thereafter the bank inspector, either State or Federal, would require them to strengthen their financial structure in assessments upon the stockholders involved.

There is another angle to it—the deposits in most of the banks of the country are insured, and it is thought necessary not only for the benefit of the depositors and stockholders, but for the Government as well, that the reserves provided for by law and regulations be securely and strictly maintained.

CORPORATIONS IN RECEIVERSHIP

Such corporations carry a 15-percent flat rate. It is evident that being in receivership that they are not under the control of their directorate but are answerable to the court for its management. Most corporations coming in this category cannot pay out dividends even if they desired to do so. Consequently we have imposed a flat rate of 15 percent applicable to such corporations.

DIVIDEND CARRY-OVER

In order that the taxpayer would receive credit in full for dividends paid, we have provided in this bill that if the dividends declared in any subsequent year is more than the adjusted net income of such year that they can carry over into such taxable year any excess in dividend over the adjusted net income of either one of the 2 years preceding the

taxable year involved and use such excess dividends as a dividend credit for such taxable year.

THE USE OF THE MONEY

Mr. Chairman, this permanent money, $620,000,000, under the President's message is for specific purposes. Five hundred million dollars is for the soil-conservation program, and $120,000,000 for 9 years for the soldiers' bonus. Personally, I take issue with the figure $120,000,000, but we passed over the President's veto a bill which provided for the payment of the veterans' adjusted-compensation certificates. We also passed in this session of Congress a soil-conservation bill for the farmers. I find when it comes to voting on the veterans' bill that 67 of my minority friends voted for the cash payment with 31 against. Two-thirds of them voted for cash payment. They thought it was right. I thought it was right, and I still think it is right. When it comes to soil conservation, however, 18 of them voted for the Soil Conservation Act and 72 voted against. But it takes money to pay the bill, and the $620,000,000 involved herein is for these two specific purposes.

THE AMOUNT OF YIELD

The statement is made that this bill will not yield the money. If it will not yield the money, it will not harm business, as some of our friends may think. I know how they got that idea of fear. It is complex, and I do not blame them particularly. I probably would evidence more of it than you do if it were a campaign year and I was out groping for an issue. I probably would be afraid of anything and everything. We had it here when the reciprocal-trade agreements were up. We heard the cry then that that act would drive the small businessmen out of business. They have even misquoted Secretary Wallace in this idea of driving out business.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. VINSON of Kentucky. Mr. Chairman, in our service on the Ways and Means Committee there has been no individual in our recollection who suffers one added copper cent as an additional tax burden, or even if he anticipates that there is a chance that he might pay an additional copper cent who favored any new revenue bill. It is the natural thing for them to slap it—fight back on anything that might tend toward an increase in their tax burden. I do not want to be critical of that attitude, it is a natural one. It may be that membership on the Ways and Means Committee creates a callousness relative to the attitude of people toward legislation. I recall distinctly that in 1932 the automobile people made a most strenuous effort to avoid the imposition of a small excise tax levy upon the sale of automobiles and automobile parts. They stated that it would ruin their business—that it would drive them out of business. Yet we saw the automobile industry lead the way toward industrial recovery. The most mournful pleas to which I have ever listened fell from the lips of witnesses before the committee and Members of the House in opposition to the reciprocal-trade agreement, and, after its enactment, each time there would be an agreement with some foreign country, and before it was announced, Members of the House would cry anew at the injury sustained. They were jumping before they were hit—they were dodging before they were struck and yet, just a few days ago, the United States Chamber of Commerce in its annual report was forced to admit that the benefits to American industry and the American producer through these reciprocal-trade agreements were of material benefit. Reading from this report we see:

Exports of manufacturers and crude materials improve.
Unmanufactured cotton in renewed demand abroad.
Automotive products constituted tenth of export trade.
Machinery exports up 20 percent.
Iron and steel scrap exports set record.
Petroleum exports record new high.
Foreign purchases of chemicals increase.
Demand for American fruits increases.

I insert at this point a summary of this report by the Associated Press.

[From the Washington Star of Apr. 23, 1936]

GAIN IN EXPORTS IN 1935 IS REPORTED—WIDE RANGE OF PRODUCTS COVERED IN LIST OF TRADE BODY

An upward swing in American exports of a wide range of products during 1935 was reported today by the Chamber of Commerce of the United States.

An analysis by the chamber's foreign commerce section said the "continued, though not spectacular", improvement was "coincident with general recovery, and increased purchasing power in many parts of the world."

Topping the list of products for which increased world demand was reported were cotton, automobiles, machinery, and petroleum products.

"Our export trade was still hampered by quotas, exchange controls, and other important restrictions", the review said. "In some nations these and other efforts to build up self-sufficiency, particularly in products of the soil, limited our trade."

RESTRICTIONS REMOVED

"Our Government's reciprocal trade agreements policy, however, has been removing some of these restrictions", the report added.

Measured by value, 68 percent of 100 leading exports showed increases over 1934, and 56 percent gained over the 5-year average, 1930-34.

Measured by quantity, 63 percent of 167 chief exports gained over the previous year and 59 percent were larger than the 5-year average.

Unmanufactured cotton exports, the review said, "made a strong come-back" in the second half of 1935. A 39-percent increase in shipments was recorded for that period after a 29.1-percent drop in the quantity exported up to the end of June. In the final quarter of the year the gain was called "even more striking"—63 percent over the same period in 1934.

Total cotton exports for the year amounted to 3,234,000,000 pounds, 2.7 percent greater than in 1934, but 17.6 percent below the 5-year average.

ELEVEN PERCENT OF CARS EXPORTED

"Eleven percent of all the passenger automobiles produced in this country in 1935, and 24 percent of our motor truck and bus production were exported, concrete evidence of the importance of foreign trade to the automotive industry", the analysis said.

The export of 173,681 passenger cars was described as higher than for any year since 1929 and 19.7 percent higher than in 1934. Trucks and busses exported totaled 99,080 units, also the high mark since 1929.

Machinery exports topped last year's figure by 20 percent, while iron and steel products, including scrap, were exported in greater quantities than in the 17 years since the World War.

A new high record was reported in the export of crude petroleum, 51,430,000 barrels of which were shipped, 66.6 percent higher than the five-year average.

FURTHER, WITH REFERENCE TO YIELD

It is a hard matter to keep up with the critics in regard to this item. In one breath they say the tax is going to be so onerous and burdensome that our corporate system will be undermined and destroyed. In the next breath they say that because of the provisions of the bill that corporations will pay less tax, that individuals will pay a little more, and that the revenue purposes of the bill fail. Now, these two things simply cannot be. The revenue philosophy underlying this bill is to get a fair tax upon the income permitted to be taxed under the sixteenth amendment. That is all there is to it. The President's message came to us on March 3, 1936. The estimates of yield under this bill made prior to March 15, 1936, necessarily had to be based upon estimates for the taxable year 1935 and likewise 1936. The critics were possessed of the net income figures for 1933, which was the latest available public figures at that time. The Treasury experts in their estimates had an advantage of having the 1934 figures available to them, but at the time of making these estimates they did not have the figures for 1935 running through March 15, which is the main tax pay day. I looked with some concern on the estimates when they first came to us. I compared the net income with the latest figures available to us, which were 1933, but, as I say, the Treasury experts had the 1934 figures available to them. My attention was called to that, but I still doubted that the 1935 yield would square with the estimates, but when March 15 arrived we learned that the figures used by the Treasury experts in their estimates of return under the proposed plan were conservative and that their figures and estimates were

nine-tenths of 1 percent under, or in dollars, $9,200,000. I insert herewith table showing the situation as it existed on March 21, 1936:

Receipts from income taxes

[Amounts in millions of dollars]

Actual receipts		Estimated receipts July 1, 1935, to Mar. 21, 1936	Increase, fiscal year 1936 over fiscal year 1935 through Mar. 21		Increase actual receipts over estimated, fiscal year 1936 through Mar. 21	
July 1, 1934, to Mar. 21, 1935	July 1, 1935, to Mar. 21, 1936		Amount	Percent	Amount	Percent
760.8	1,002.3	993.1	241.5	31.7	9.2	0.9

You can see at a glance that for the comparable period beginning March 21, 1935, the actual income-tax receipts were $760,800,000; for the comparable period ending March 21, 1936, the Treasury experts' estimate was $993,100,000, whereas, in fact, for this return period they actually collected $1,002,300,000. The increase was $241,500,000 over the same period in the preceding year and $9,200,000 under the Treasury estimates.

Consequently there is only left the taxable year of 1936 for estimates, and all agree that under present business conditions that the estimated yield is conservative. As a matter of fact, statements made on the floor in regard to the yield, I am inclined to think, are merely echoes of the first impressions. Many of the more able critics now agree that the estimates are conservative, which group includes, so I am informed, the experts of the United States Chamber of Commerce. At this point we include the estimate of taxable base and revenues for the calendar year 1936, showing net income, and so forth:

ESTIMATED REVENUE UNDER PROPOSAL TO TAX UNDISTRIBUTED CORPORATE PROFITS

It is estimated that if a tax on undistributed corporate profits was imposed, accompanied by the repeal of the present corporate income, capital-stock, and excess-profits taxes, and the elimination of the present exemption of dividends from normal tax, the net increase in revenue based on calendar year 1936 incomes would be about $620,000,000. The following table summarizes the basic data underlying this estimated increase:

Estimate of taxable base and revenue, calendar year 1936—Corporations showing net income

[In millions of dollars]

1. Statutory net income	7,200
2. Taxes included in (1) to be repealed:	
Capital-stock tax	[1] 103
Excess-profits tax	5
3. Dividends received not included in (1), 90 percent of total dividends received	1,000
4. Aggregate taxable income	8,308
5. Cash dividends paid	3,540
6. Withheld earnings, (4) less (5)	4,768
7. Estimated tax on (6), assuming distribution to individuals, plus normal tax on present dividends	1,752
8. Loss in revenue from repeal of corporate income, capital-stock, and excess-profits taxes	1,132
9. Net increase in revenue	620

[1] Total estimated capital-stock tax of both net income and deficit corporations, $163,000,000.

Corporate statutory net income and dividend distribution

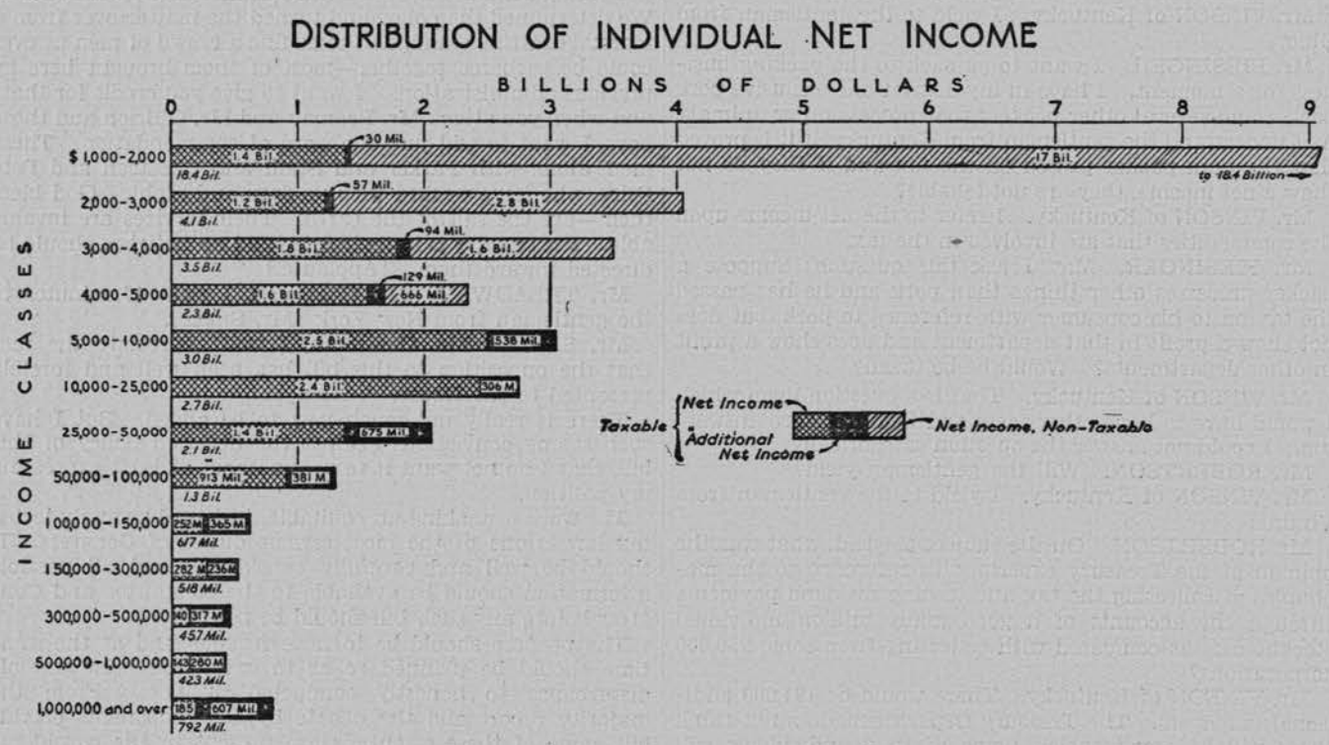
[In thousands of dollars]

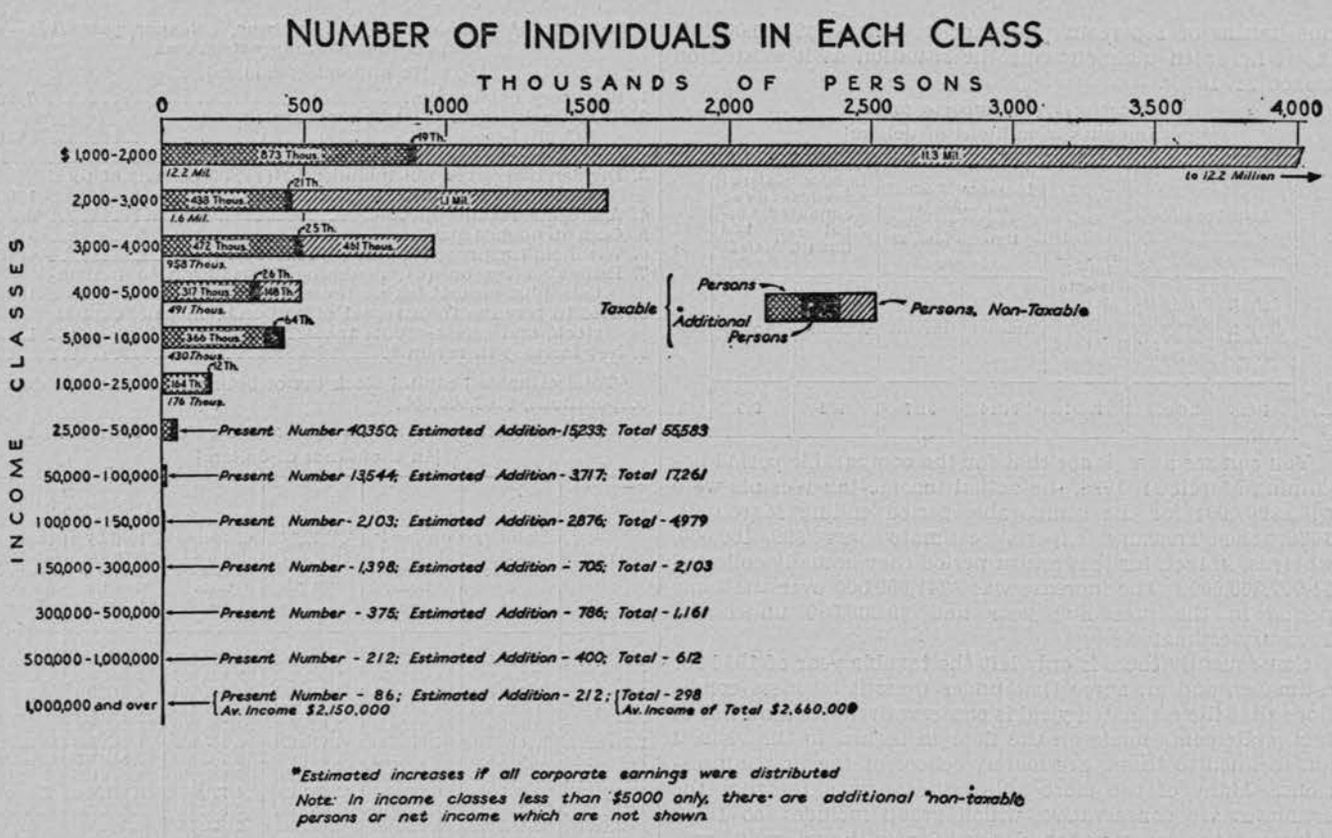
Years	Statutory net income	Total cash dividends paid, all corporations	Dividends received, all corporations	Net cash dividends paid, all corporations	Total cash dividends paid by corporations showing net income	Net cash dividends paid by net-income[1] corporations
1923	8,321,529	4,169,118	870,088	3,299,030	3,820,620	----------
1924	7,586,652	4,338,823	915,216	3,423,607	3,994,991	----------
1925	9,583,684	5,189,475	1,175,481	4,013,994	4,817,301	----------
1926	9,673,403	5,945,293	1,506,154	4,439,139	5,530,211	----------
1927	8,981,884	6,423,176	1,658,076	4,765,100	5,785,476	----------
1928	10,617,741	7,073,723	1,916,671	5,157,052	6,585,169	----------
1929	11,653,886	8,355,662	2,593,052	5,762,610	7,841,802	----------
1930	6,428,813	8,202,241	2,571,231	5,631,010	6,841,050	----------
1931	3,683,368	6,151,082	1,969,229	4,181,853	3,871,880	2,640,000
1932	2,153,113	3,885,601	1,259,982	2,625,619	2,320,386	1,570,000
1933	2,985,972	3,127,459	1,025,709	2,101,750	2,385,889	1,600,000
1934 [1]	4,220,000	3,300,000	1,025,000	2,275,000	2,540,000	1,750,000
1935 [1]	5,500,000	3,600,000	1,120,000	2,480,000	2,990,000	2,060,000
1936 [1]	7,200,000	3,900,000	1,200,000	2,700,000	3,540,000	2,430,000

[1] Estimated.

It is fair to say that this estimate was made prior to the writing of the bill, but with certain increased revenues the net increase in revenue is $591,000,000, to which might be added increased revenues from other provisions of the bill.

At this point I want to insert charts showing distribution of individual net income and the number of individuals in each class.





This shows that there are 2,687,768 taxable under existing law, and that there will be added to the taxpayers' list 191,302 persons. You will note that Mr. McLEOD estimates that the total tax from individual incomes and corporate incomes, capital-stock tax, and excess-profits tax will yield $2,285,000,000 for the calendar year 1936. This is exclusive of $40,000,000 estimated to be recovered into the Treasury under the amendment in the law relating to complete liquidation and increase in taxes received from foreign corporations and nonresident aliens.

Mr. FIESINGER. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield to the gentleman from Ohio.

Mr. FIESINGER. I want to go back to the packing business for a moment. I have in my district one exclusive pork packer and several other packers that process other animals. As I understand the gentleman from Kentucky, if it is proved that the pork packer passed on the tax and if they do not show a net income, they are not taxable?

Mr. VINSON of Kentucky. I refer to the net income upon the commodities that are involved in the tax.

Mr. FIESINGER. May I ask this question: Suppose a packer processes other things than pork and he has passed the tax on to his consumer with reference to pork, but does not show a profit in that department and does show a profit in other departments? Would he be taxed?

Mr. VINSON of Kentucky. That is a question upon which I would have to have other facts and figures before answering. I could not answer the question categorically.

Mr. ROBERTSON. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield to the gentleman from Virginia.

Mr. ROBERTSON. On the subject of yield, what was the opinion of the Treasury experts with reference to the mechanics of collecting the tax and tracing dividend payments through the accounts of a good many million individual stockholders as compared with collecting from some 250,000 corporations?

Mr. VINSON of Kentucky. There would be 191,000 additional taxpayers. The Treasury Department does not think there will be any trouble. Some of these individuals will pay no tax at all. Some of them will have exemptions which will wipe out the dividends entirely; others will go into the higher surtax brackets.

CONCLUSION

Just one word in conclusion. We have been criticized because we used the legislative counsel and the experts of the joint committee. I want to plead guilty to that charge. We have done what has been done here since you have had a legislative counsel, which is our drafting service, and a joint committee. We agreed in subcommittee and made recommendations to the full committee. Hearings were held and the recommendations of the subcommittee were considered. We determined the policy and turned the matter over from a manual drafting standpoint to as fine a crowd of men as ever could be gathered together—most of them brought here by previous administrations. I want to give you credit for that; and when you attack Mr. Beaman and Mr. O'Brien and those boys, I want to add just one word of commendation. These men, along with Parker and Stam and Chesteen and Pete Price, who have worked with us days and nights—God bless them—are the salt of the earth. Their services are invaluable. The country is in their debt, and no criticism should be directed toward them. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 40 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, I well appreciate the fact that the opposition to this bill has been well and forcibly presented to the House.

There is really not much new to be added. But I have such strong convictions against the declared policy of this bill, that I do not want it to pass without at least expressing my position.

The work of making an equitable, just, and properly levied tax law is one of the most serious duties of Congress. It should be well and carefully considered, and all possible information should be available to the committee and Congress before any such bill should be passed.

The purpose should be to raise revenue and at the same time should be planned so as to cause the least possible disturbance to honestly conducted business. From the majority report and the debate by the proponents of this bill, none of these essentials are present in the consideration of this bill. The only real proponent of the bill, besides

the Government officials—and they were conspicuously lacking in detailed information, and especially in the one particular they were supposed to be informed, the amount of money it would raise—was a representative of the Communist Party. This alone should raise a question of doubt in minds of most of the Members. And when I read a statement said to come from the Member most active in its preparation that he was not informed as to the exact amount of revenue the bill would produce, and when I read in the majority report that probably the next Congress would be in position to pass more intelligently on a tax measure, I thought that this measure was simply a stopgap bill for election purposes, and I could see no compelling reason for supporting this measure at the present time.

Before beginning my statement, I want to make one or two references to some of the statements made by my good friend from Kentucky. The gentleman opened his remarks by saying that the Republicans, of course, were against the provisions of this bill because they are against all taxes, and to bear him out he read from the minority views on the bill, saying, "I will prove to you that this is so", and then he read from the first section of the minority views, as follows:

> We do not favor the imposition of any new taxes.

Now, if the gentleman had really intended to give the House and the country a fair interpretation of the Republican situation in regard to this bill, why did he not read the entire sentence. It is only one and one-half lines long—and I will read it to you:

> We do not favor the imposition of any new taxes until the waste of public moneys is stopped.

I do not know that the gentleman from Kentucky intended to give you any false impression, because I well appreciate the fact that the waste of public moneys means nothing to the Democratic administration at the present time, so I absolve him of trying to give a wrong impression.

Furthermore, he said there has been some talk going about the country that the average citizen could not understand this bill. If any argument was needed to convince the average Member of this House, to say nothing of the average citizen of the country, that he could not understand this bill, all that was needed was to hear the plain, lucid, and complete explanation of its workings made by the gentleman from Kentucky. You know that explanation reminded me of trying to figure out how much one will get under a Government retirement old-age plan. You start in by taking the average salary for the last 5 years, divide that by 70, multiply it by 22, then guess at the result. This is about what you would get from his explanation of the workings of the pending bill.

When Congress is writing a tax bill, that is really about as important and far-reaching a piece of business as it ever becomes our duty to perform. All possible information should be available to the committee and to the Congress. Of course, the purpose of a tax bill is to raise revenue, and it should be so arranged as to cause as little disturbance to business as possible.

In reading over the majority report and after listening to the debate on this bill by its proponents, it seems to me very few of these essentials have been presented in connection with the bill up to the present time.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Yes; if I have misrepresented the gentleman in any way.

Mr. SAMUEL B. HILL. I think if the gentleman will examine my remarks on this subject, he will find I did give those figures.

Mr. SNELL. The gentleman gave out several interesting statements, but I am referring to the statement he gave to the papers the day he introduced the bill in the House. Does the gentleman deny that statement, or is my statement wrong?

Mr. SAMUEL B. HILL. I did not have such definite information at that time, but I had it when I made my speech here.

Mr. SNELL. Then the gentleman and I agree that he did not have the information at that time, which is the statement I made.

Mr. SAMUEL B. HILL. Will the gentleman yield further?

Mr. SNELL. I yield.

Mr. SAMUEL B. HILL. We made certain changes in the bill while we were considering it, and of course we added something here and lost something there, and therefore I did not have the definite information at the time the gentleman refers to.

Mr. SNELL. Has the gentleman definite information as to what this bill will produce?

Mr. SAMUEL B. HILL. I have the estimates of the Treasury Department, and the gentleman will find them in the remarks I made on Thursday of last week.

Mr. SNELL. I think it is largely a matter of guesswork even at the present time.

Mr. SAMUEL B. HILL. Well, we can always depend on Treasury estimates. I think they have never missed it very far.

Mr. SNELL. Mr. Chairman, the guess is that this bill will produce six hundred to eight hundred millions more than the laws it repeals. But no one actually knows. But before I vote to increase the burden of the taxpayers that amount I want to know it is going to be wisely and economically expended.

There is not a man in this House but knows in his own mind that the present administration is not now spending the taxpayers' money either wisely or economically. There is not a man here who does not know he would not spend his own money in foolish boondoggling and on extravagant and wasteful projects, such as the present administration is now fostering in every community throughout the land.

And I have made up my mind I will not vote for any new taxes for the present administration to waste, throw away, or use for purely political purposes.

Any tax sums necessary for the legitimate expenses of the Government, emergency or ordinary, I will support, but no sober-minded man should vote to levy new taxes on our people to further encourage the extravagant and wasteful spending of the present administration.

Let me review briefly the financial history of the last 3 years. The present session of Congress is the fourth since the inauguration of President Roosevelt. There has been one special session and this is the third regular session. These four Congresses, from March 4, 1933, to date, have actually appropriated out of the funds of the United States Treasury for expenditure by the Federal Government the sum of $27,783,545,000. That amount does not include any appropriation for the 10 regular departments of the Federal Government for their operations during the fiscal year 1937, because all those appropriation bills have not yet been passed by Congress. It does not include the $1,500,000,000 additional money which the President has requested for the relief program for the next fiscal year. It does not include the deficiency appropriation bills which are customarily enacted at each session of Congress to cover items not included in the regular appropriation bills. It does not include the $450,000,000 bill for rural electrification which has passed both the House and the Senate, but is not yet law. It does not include $460,000,000 which the President will need for the social-security law. It does not include the $440,000,000 authorization in the highway bill which the House passed last week, or any other similar bills which authorize appropriations.

A conservative estimate at this time of the appropriations which Congress will make during the remainder of this session amounts to approximately $4,890,000,000. This estimate assumes that there will be no large requests for money by the President and the Government departments beyond those I have just mentioned.

Adding together the appropriations made by the preceding Congresses since March 4, 1933, and by this session, and the estimate of the appropriations to be made during the remainder of this session, we arrive at the round sum of $32,673,500,000.

Translating the total figure of $32,673,500,000, which I gave, into terms of each person in the United States, it means that Congress, under the Roosevelt leadership, has appropriated out of the funds of every man, woman, and child now living in the United States the sum of $254. It means that on the Census Bureau basis of families, the head of each family in the United States has had over $1,011 appropriated out of his funds. This includes every family on relief as as well as the families not on relief. I ask each mother and father to ask themselves this question: "Has it been worth $1,000 of our own money to have Mr. Roosevelt in office for the past 4 years?" Bear in mind the fact that this $1,000 must be paid by you in addition to all other expenses, whatever they may be. In answering this question you should remember that Mr. Roosevelt was the man who said on July 2, 1932:

> Well, I know something of taxes. For 3 years I have been going up and down this country preaching that Government—Federal and State and local—costs were too much.

He is the man who said on October 19, 1932:

> Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. * * * Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) is broad cessation of employment. * * * Our Federal extravagance and improvidence bear a double evil: First, our people and our business cannot carry its excessive burdens of taxes; second, our credit structure is impaired by the unorthodox Federal financing made necessary by the unprecedented magnitude of these deficits.

In that statement he admits the laboring man pays the taxes, yet today you want to increase the laboring man's burden. Furthermore, if any administration in history has had unorthodox financing it is the present one. It has never yet presented to Congress at the beginning of the year a complete picture of the Government's finances. It has always been incomplete and piecemeal. It has never at one time placed the whole picture before us so we could study it and pass on it intelligently. It has always held a part back. It always paints a rosy picture at the beginning of the year. There is no need of taxes, and there are ample funds for everything. Then, just before the close of the session, to the surprise of everyone, in comes a tax bill from the President. There is not a single emergency today that did not exist the day the President sent his Budget message, yet he said again there would be no need of additional taxes, and now he says we need $1,137,000,000 in new taxes.

It all goes to prove beyond any shadow of doubt that the present administration does not have a single semblance of a financial program nor has it had once since it has been in office.

The only program it has is to spend all the money, in as many ways as possible, and then tax the people in every known way to get the money. What it cannot get by taxation it just borrows.

If the present administration would first find out the expected receipts and then govern its expenditures accordingly you would then perhaps have a financial program.

This tax bill is here as the inevitable result of these tremendous appropriations of money by Congress and the resulting expenditures by the executive departments under the personal direction of the President. In 1933 and 1934 President Roosevelt requested, and Congress enacted, a new tax law. In 1935 the President requested, and Congress enacted, a new tax law. Now, in 1936, the President requests the passage of another tax law, and Congress is at present engaged in complying with this request. So for the fourth time in 4 years Congress is at work on a tax law to get more money for Mr. Roosevelt to spend.

One would ordinarily think that with three new tax laws already in operation and a fourth one pending, all of them designed to raise more money, together with increased revenues we hear so much about, the Federal Government ought to be getting enough money to meet its expenses. But the sad truth is that it is not. Let us look into this for a moment because it has a direct bearing on the legislation which we are considering.

For the fiscal year 1934 the gross deficit of the Federal Government; that is to say, the amount by which the Government's expenses exceeded its receipts was $3,989,000,000. For the fiscal year 1935 the gross deficit was $3,575,000,000. These are the President's own figures, taken from his Budget message of January 3, 1936, page VIII. In that message he estimated that the gross deficit for the fiscal year 1936 would be $3,234,000,000. However, this did not include the amount necessary to pay the soldiers' bonus, for which Congress has already appropriated $1,730,000,000. Neither did this include the loss of the revenue from the illegal A. A. A. processing taxes. This means that the gross deficit for the fiscal year ending June 30, 1936, will amount to at least $5,000,000,000.

Now, the total receipts of the Federal Government for the fiscal year 1936 were estimated at $4,410,793,946 by the President in his message of January 3. This means that the Federal Government in the present fiscal year actually needs more than twice as much revenue as it is getting in order to equal its expenditures. If we omit the soldiers' bonus on the theory that it is a nonrecurring item and it will not have to be paid again, the Government needs 75 percent more revenue than it is getting in order to pay the Roosevelt bills.

Therefore, we find that in spite of the two new tax laws of 1934 and 1935 the Government is nowhere near a balancing of its Budget, and each year that the present administration continues in power, we are getting deeper and deeper in the hole.

Yet it was Mr. Roosevelt who said on July 30, 1932:

> Let us have the courage to stop borrowing to meet continuing deficits. Stop the deficits. * * * Revenues must cover expenditures by one means or another. Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuation of that habit means the poorhouse.

Contrast this statement with the most recent utterance of President Roosevelt. In his speech made at Baltimore, Md., on April 13, 1936, he said:

> For the next few months you are going to be thoroughly bored by so-called answers. There are two or three new panaceas in every day's paper. Here is one, picked out at random from three on the same page of one newspaper. The eminent author suggests a four-point cure for all our ills. I hope you will be as thrilled and excited by them as I was. Here they are:
>
> "1. Establish a monetary unit with a definite gold content, subject to change only by Congress.
>
> "2. Restore convertibility of money into gold coin and private ownership of gold.
>
> "3. Accept responsibility as the world's greatest creditor nation.
>
> "4. Put Federal finances in order."
>
> I ask you what do panacea planks like these offer to you as a way out of the problems that you had today and will get up to face tomorrow?

What a strange utterance from a man who flew to Chicago in the summer of 1932 to accept the nomination as the Democratic candidate for President and who said in his acceptance speech:

> I propose to you, my friends, and through you, that government of all kinds, big and little, be made solvent and that the example be set by the President of the United States and his Cabinet.

What a remarkable change of attitude in a man who toured the country from one end to the other in 1932, pledging his solemn word to the people that he would reduce the expenses of the Federal Government, that he would balance the Budget, and who asked that he be put in office on the basis of such promises! A solemn promise to the people, which in 1932 was one of the principal reasons urged by Candidate Roosevelt for his election as President, has become in 1936 a panacea which bores President Roosevelt.

Let us trace this remarkable change of attitude through its various stages. In President Roosevelt's Budget message of January 3, 1934, which was 10 months after he had taken the oath of office as President, he said, on page 8:

> Furthermore, the Government during the balance of this calendar year should plan to bring its 1936 expenditures, including

recovery and relief, within the revenues expected in the fiscal year 1936. * * * We should plan to have a definitely balanced Budget for the third year of recovery and from that time on seek a continuing reduction of the national debt.

The especial aptness of the President in forgetting his promises and pledges to the people in money matters became evident in his Budget message just 1 year later, January 3, 1935. With that message he transmitted the Budget for 1936, which he asked Congress to adopt. Bear in mind that this was the Budget which he had promised 12 months previously would be balanced. He said, on page 13:

If the estimates submitted in this Budget are approved and if the expenditures for which authorization is asked are made in full, the deficit, including statutory debt retirements, will amount to $4,528,000,000 for the fiscal year 1936.

On January 3, 1936, he revised this estimate to make it $3,234,000,000. However, as I have pointed out, the payment of the bonus was not included in the revised figure and actually the deficit for 1936 will approximate $5,000,000,000.

Now let us look at something else the President said on January 3, 1935, in his Budget message for the fiscal year 1936. He said (p. 10):

If this Budget receives the approval of the Congress, the country will henceforth have the assurance that, with the single exception of this item—

Referring to unemployment relief—

every current expenditure of whatever nature will be fully covered by our estimates of current receipts.

One year later, on January 3, 1936, he said in submitting the Budget for 1937:

The gross deficit for the fiscal year 1937 is estimated at $1,098,388,720. * * * The figure for 1937 does not include such amounts for work relief during the coming year as may be determined upon by the Congress.

In other words, the President had again failed to fulfill a positive assurance made to the country 1 year previously that he would balance the Budget for 1937. Perhaps it will be balanced in '40.

The picture presented by the President's Budget message of January 3 of this year was actually more incomplete than would at first appear. Everyone knows that the expenditures for relief purposes continue to be one of the largest single items in the Federal Government expenditures. The present Relief Administrator, Mr. Hopkins, has recently expressed his opinion that the Federal Government must expect to continue to expend money for relief as a permanent part of its program. Everyone also knows that money which is expended for relief purposes will not be repaid to the Government.

For the fiscal year 1937 the President has already requested Congress to appropriate $1,500,000,000 for relief. According to the best evidence now available, this figure will not carry the Government through the fiscal year, and another request will have to be made to Congress in January of next year for additional funds for this purpose. Even assuming that the President was able to get by on the additional $1,500,000,000 requested, the gross deficit for the fiscal year 1937 would amount to $2,598,388,720, on the President's own estimate. Judging by the record which has been made during the last 3 years, the deficit will come nearer reaching the three and a half billion dollar figure.

What does all this mean to the individual citizen? It means that in spite of a new tax law every year since 1933, every one of which increased the tax rates, the present revenues of the Government are only about 65 percent of what is required to meet the Roosevelt expenses. Who is going to pay this? The rich? That is impossible, because the 1935 tax law was admittedly aimed at the wealthy. One of the fundamental rules of taxation is that revenues must be provided without discouraging initiative and enterprise. The 1935 act placed the rates as high as was considered possible without entirely ruining the source of revenues which it was intended to tap. If the goose that lays the golden egg has not already been killed, it certainly has been squeezed to the point where further squeezing would kill it.

This means that any additional revenues to run the Government have to come from people who are not wealthy. They have to come, in one form or another, from the citizen with a small income and from the so-called middle classes. The present tax bill is definite proof of this fact. In it the administration has abandoned its oft-repeated policy of making a distinction between the large taxpayer and the middle-sized and small taxpayers. In it any corporation having a net income of more than $10,000 a year is treated exactly on the same basis as the largest corporation in the United States. It makes no difference whether a corporation has a net income of $11,000 a year or $10,000,000. If the little company is attempting to retain its earnings so as to enable it to grow larger and for that reason 70 percent or more of its profits are not distributed, then the rate of tax is precisely the same as if the $10,000,000 corporation retains the same percentage of its profits. Likewise, all dividends are subjected to the same rate of normal tax, whether the taxpayer receiving them has a net income of $1,000 a year or $1,000,000. No longer can the present administration masquerade under the banner "Soak the rich." It now becomes the banner "Soak everyone."

But the difficulty does not end there. The present revenue bill is a typical example of the never-ending policy of the present administration to make changes which produce uncertainty. It proposes to overturn the entire system of taxing corporation earnings, which has been in existence for approximately 20 years and the people have become familiar with it, and to substitute a new system, the results of which the Treasury Department's own experts admit they cannot state. I intend, at this point, to enter into only a brief discussion of the inequities and hardships involved in the present bill but do want to mention some of them.

The avowed purpose of this bill is to prevent business organizations, large or small, from laying up surpluses. Or in other words, the proponents are opposed to a business having a life-insurance policy to carry it through hard times, the same as is done by nearly every provident man when he takes out a life-insurance policy to protect his family in case of sickness or death. Surplus in business is just a paid-up life-insurance policy to protect business in times of distress. I know from sad personal experience that if it had not been for the surpluses that well-managed businesses had laid aside in former good years the depression would have been worse; dividends, more needed than ever, would have been less, and unemployment much greater.

The surpluses of business have been drawn on during the last few years to the extent of nearly $27,000,000,000 to fight the depression, nearly twice as much as the Federal Government has contributed, and where would they have been without them? What would you have done during the last few years if Congress had been foolish enough to pass this kind of legislation 10 years ago?

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. SAMUEL B. HILL. Under the existing tax system, to which the gentleman refers, we had one of the most disastrous depressions in the history of the entire world.

Mr. SNELL. I appreciate that; but it was the surpluses of business, accumulated in good times, that went a long way in relieving the distress of our people and helped to keep many people from starvation and out of the bread lines. If it had not been for that, I do not know what would have happened to the country.

Mr. SAMUEL B. HILL. If the gentleman will yield for one further question, if this money had been forced out and evenly distributed, does not the gentleman think it would have helped to equalize and stabilize the situation?

Mr. SNELL. Well, I prefer to place some dependence on what has happened in the past rather than to depend entirely on experiments in the future. According to this law you will never have these backlogs again. It is going to be a deterrent to the small, struggling business organization

which, in my judgment, is the backbone of our community life.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. SNELL. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Under the present bill corporations having a net income of $10,000 or less can lay aside 42 percent of their net income into reserves without paying any more taxes than they are paying now.

Mr. SNELL. If they are not going to pay any more taxes, how are you going to get any more out of this bill, then?

Also bear in mind the fact that these earnings which are accumulated are reinvested in improvements and expansions which in turn are productive of income and additional revenue. Remember, too, if there are any discriminations in favor of corporations over individuals or partnerships, you can transfer your business to a corporation and then work under the same conditions as your competitors.

Will someone tell me why it is this administration is always proposing something to "soak the thrifty"; is continually discouraging saving and personal independence and rather encouraging shiftlessness and dependence on the Government for a living? Its whole policy toward working, saving, and taking care of yourself is wrong. It certainly is not the policy that built up America and made it what it is today.

Just think this over carefully before you do anything to destroy this system. Furthermore, I am concerned over substituting an uncertainty for a certainty.

If the purpose of the present bill is to raise additional revenues for the Government, then the plain, simple way of accomplishing that would be to raise the tax rates; and if that was not enough, then to broaden the tax base and start taxing all the little fellows directly instead of indirectly. Let the little fellow know what he is being made to pay instead of taking it away from him through indirect and concealed taxes. But this is an election year and such a course would be a clear indication to the people of the enormous drain which the present administration is making on their resources. It would bring clearly into focus the question whether it would be better to turn out of office the present party in power and substitute therefor a party which would honestly carry out an economy program or whether the present administration should be kept in power and the taxes raised to a point where their expenditures could be met out of current revenues. Any honest attempt to bring up the tax revenues to a point which would equal the expenses of this Roosevelt administration would mean the imposition on every person in the United States having any income whatsoever of taxes so high that the question would be immediately answered: The entire administration would be thrown out of office. To keep this from happening the present administration apparently decided to confuse the issue by raising the cry that a few corporations in this country were not properly distributing their dividends and to use this as a pretext for changing the entire existing system of taxing corporate earnings.

The present corporation-tax law has provisions to keep corporations from depriving the Government of revenue by improperly accumulating earnings and failing to pay dividends. If the purpose of the present bill is to correct any defects which may exist in the present structure of the tax laws, there are ample ways and means of accomplishing this. There are reforms which can be put into effect in the matter of administration. There are reforms which it would be perfectly possible for Congress to enact into legislation to cover the cases of abuse which the administration apparently had in mind when it proposed this sweeping revision of the law. It is not necessary to completely upset the entire system and threaten one of the principal sources of revenue of the Government. So far as I have been able to ascertain, no one has been able to predict with any degree of certainty the amount of revenues which this bill will produce and no one knows fully the effects it will have on business.

Personally, I believe it will destroy many small and struggling business organizations and is entirely in favor of the large corporations that already have a sufficient surplus. It will create monopolies and place additional hardship on small business or those organizations that have depleted their surpluses during the depression. It will destroy for all time the backlog that business had at the beginning of this depression and materially hamper the growth and financing of all new or small businesses that are the backbone of our community life.

The proper conduct of any business, be it small or large, requires that there be some basis on which plans for the future can be made with reasonable certainty. Without such planning we live on a day-to-day basis, subject to the vicissitudes of fate, without any of the usual protections or safety measures which every prudent person adopts as a part of his daily life. We all know that a continuing state of uncertainty in our personal affairs is not conducive of happiness. Uncertainty in business is not conducive to success or progress. One trouble with this administration is that it has no idea where it is going or what it is going to do from one year to the next or what the results of its proposals will be. It is founded upon guesswork and we are being led up one blind alley and then another. How much longer can the country endure the strain of being used as an experimental guinea pig? I submit that what the people of the United States now want more than anything else in the administration of their Federal Government is: First, a definite financial program on the part of the Government on which they can rely in the planning of their own affairs; second, an immediate stoppage of the wasteful spending of this administration; third, an adoption of sound business principles in the operation of the Government.

In conclusion let me suggest that if we are really trying to do something which will promote the welfare of the people of this country and of their Federal Government, such revolutionary schemes of taxation as the present bill ought not to be railroaded through Congress under the pretext of an emergency. They ought to be presented to a nonpartisan committee which would be given time to study the proposals from a nonpolitical point of view and to determine what the effect of such proposals will be. Perhaps such a committee should consider the broad question of a revision of the present system of taxation—Federal, State, and local. As to that I venture no opinion at this time. But, in any event, let us stop this practice of cramming down the throat of Congress all these revolutionary schemes without an opportunity to study them in a nonpartisan way and see what their effects will be. Let us stop this continuous substitution of uncertainty for certainty. Let us not pass a tax bill we know will not become a law; but just hope the Senate will make a real bill out of it before it goes to the President.

I regret we are not assuming our share of responsibility in passing an intelligent, understandable revenue measure that is a credit to the House of Representatives. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, the Republican minority membership of the Ways and Means Committee which drew this bill state they had little opportunity to see the bill and are not familiar with the contents of the same. I concede it is clearly demonstrated from their discussions that they know little about the bill and their criticism is not confined to the real merits of the measure. The principles set forth in this bill were advocated by the President in his message of March 3. For 2 weeks the subcommittee, composed of Democratic and Republican members, studied and submitted a plan. For almost 2 weeks we held public hearings, in which all members participated and in which time we exhausted all the witnesses desirous of being heard. Learning that the minority membership would not support the bill, the Democratic members worked the balance of the time with the able assistance of our committee's legal staff. The minority knew what the bill would contain from the former report. Regardless of how the measure was drawn or what it contains, everyone knows its general import. This measure was conceived by a Democratic administration, the bill was drawn

by the Democratic majority membership, and we take full responsibility for the measure.

It is true this bill is full of technical words and language that perhaps the ordinary person cannot interpret, and I am frank to admit with all the study I have made of the measure, which covered several weeks, there is much of it I cannot understand except when I hear it explained by tax experts, but that is true in connection with the drawing of all these hard technical tax measures.

The underlying principle of this bill is to require accumulated wealth, doing business in a legal form as corporations, to distribute its net income to stockholders or pay a tax upon such net income passed to surplus. It has been the policy of these unjustly enriched corporations, where the stock is held by a few, to pass their net income to surplus or undivided profits, thus escaping taxation. By this procedure, by the investment of a few dollars, stocks have increased in value thousands of percent.

There is no reason why a corporation should not be taxed on their net earnings any more than an individual or partnership. If they pay a dividend and thus distribute their net income, they are relieved from a tax and the stockholder pays a tax upon the dividends he receives. Of 257,000 corporations in the Nation, 214,000 have net incomes of $10,000 or less per year. These corporations can pass 42 percent of their net profits to surplus, the balance to dividends and be required to pay no more Federal taxes than under existing laws. In our opinion, 42 percent is a sufficient amount for these corporations to annually pass to their surplus. Of the 43,000 larger corporations, many of them are in the twilight zone, and will be treated the same as those with a net income of $10,000 or less. Much revenue will come from stockholders being required to pay the normal tax on their dividends.

It is not these small corporations, greatly in the majority in number, that are complaining about this bill. It is the same old story of entrenched wealth seeking to avoid taxation. They are the ones who receive more protection under our Government and they should bear their just burden of taxation. The measure collects a tax upon the net earnings from those who are able to pay. By the terms of this bill the deductions allowed under the present law can be taken, in arriving at the net earnings. In order to help those who are in the red, who have outstanding debts and mortgages scattered over a long period of years, a liberal provision is allowed for credit. In addition thereto, these corporations are allowed a credit for depletion and depreciation, which is generally figured at 10 percent, and the money retained in the company's treasury, which in the last 4 years has amounted to $16,000,000,000, half of the public debt of the United States. That is one opportunity of avoiding taxation.

The other main revenue feature of this bill is to collect 80 percent of the "windfall" taxes collected under the processing tax. We feel that those who collected the processing tax and failed to pass it on to the consuming public and have the money in their possession should pay at least 80 percent of it into the Federal Treasury. What right has any corporation or individual to retain and be enriched by a tax which they collected and which was to be used for relief of agriculture and industry? If they passed this processing tax on they are not liable. Inasmuch as the Government collected the processing tax on floor stocks when the law went into effect, we feel that merchants should be paid the tax upon the floor stocks on hand as of the 6th of January 1936, when the measure was declared unconstitutional. We have, therefore, provided for this refund.

The banks and insurance companies which, under the law, are required to keep a legal reserve, will pay no more tax under this measure than under existing laws.

The necessity of this bill, in order that the ordinary disbursements of the Government should not be more than the receipts, is to take care of the deficit, in the interest of agriculture and the payment of the bonus. By reason of the Supreme Court having declared the A. A. A. unconstitutional, the Government is required to pay back much of that tax and will be required to pay, in round numbers, one-half billion dollars a year for the soil-conservation program in the interest of agriculture.

We have heard a great hue and cry from our Republican brethren about balancing the Budget. Here is a fine opportunity to show their good faith. How can one be for an appropriation to aid agriculture and balance the Budget and then oppose raising the money from those who are most able to pay? They are in exactly the same condition as the Manufacturers' Association and the United States Chamber of Commerce. In fact, the minority report of the members of the Ways and Means Committee, which is amplified by their arguments, is in the very language of the spokesmen of these organizations when before our committee.

The United States Chamber of Commerce and the Manufacturers' Association, through their representatives, contend that we should balance the Budget and also contend that this measure will cripple and kill industry and business. They suggest no taxation to offset this necessary law. They never suggest remedial and necessary measures, but always oppose all measures which seek to tax or regulate entrenched wealth. They, like the Republican Members of the House, know that there is no other way to get this revenue except possibly through a manufacturers' sales tax or reducing the exemptions and increasing the income tax on the small incomes and the little man. They prefer to except big business from taxes and substitute a sales, excise, or processing tax upon the essential necessities of life, such as food, clothing, and so forth. For years their policy has been to make those who are less able bear the burden of government.

Mr. Chairman, we heard the distinguished minority leader [Mr. SNELL], in his concluding remarks today, say that in trying to get this money back from the big corporations we ought to broaden the base in order to get the little fellow. In other words, we should reduce the exemption and pass the burden on to the little fellows.

In this debate the Republican membership of the House have contended that there is no need for this tax, which is as much as to say that we should not have paid the bonus, which added nothing to the public debt, and we should have done nothing, in a financial way, to help agriculture. It is the same old cry they have made, voicing the sentiments of the representatives of big business, that there was nothing good that could come from the New Deal. However, an inspection of the record will show that on most of the New Deal measures the Republican membership of this House has voted for them.

This is an election year, and it becomes necessary for the Old Guard to find some thought to be contained in the Republican platform. They are like a Congressman I once knew who declared he was in favor of all appropriations but against all tax bills. They are in the attitude before their home people of being willing to receive all the benefits of the New Deal in their districts, but are opposed to responsibility and payment of the necessary tax. Some of them contend that the measure will not produce any revenue. Of course, this is not true or they would not be opposed to it. If it is true, then no one will be hurt. Like all tax measures, I concede there will be some inequities and possibly some will be injured, but in all such measures the question to consider is the greatest good to the greatest number. It took courage and statesmanship for President Roosevelt to recommend a tax bill in an election year. He could just as well have added these expenditures to the public debt or waited for the next session of Congress.

Mr. COOPER of Tennessee. Will the gentleman yield?

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

Mr. COOPER of Tennessee. The gentleman has made reference to the position taken by the United States Chamber of Commerce in reference to this bill. May I ask the gentleman if it is not true that the leading spokesman for the United States Chamber of Commerce before the committee took the position that we should not levy this proposed tax on corporations, but should, instead, levy a processing tax on the necessities of life?

Mr. FULLER. He certainly did, and I offered a motion in the committee, which prevailed, eliminating that proposition. There is much talk about this bill not being properly prepared and that the Senate will have to rewrite it. It is a well-known fact that practically all of the legislation that the Ways and Means Committee of this House has drawn has gone through the House without amendment and 95 percent of it has stood up in the Senate without amendment. I am sure the same thing will happen in connection with this bill.

Mr. HOLLISTER. Will the gentleman yield?

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

Mr. HOLLISTER. May I ask if anybody having connection with business life testified before the committee in favor of this bill?

Mr. FULLER. Well, not many.

Mr. HOLLISTER. Did anybody?

Mr. FULLER. Yes; a few.

Mr. HOLLISTER. Who were they?

Mr. FULLER. Does the gentleman mean businessmen?

Mr. HOLLISTER. Businessmen; yes.

Mr. FULLER. I do not know. I suppose there were not many, because they were satisfied. They were not like these big fellows who fought this thing through the Chamber of Commerce and through the Manufacturers' Association.

Mr. DOUGHTON. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. May I state it is not customary for men to come before the committee and ask for additional taxes. A great many businessmen said to me that if called they would be glad to come and testify with reference to the virtues of this bill, but I did not invite any of them to testify except the experts of the Treasury Department. We could have had hundreds of them before our committee.

Mr. FULLER. Why should four-fifths of the corporations of the United States be opposed to this bill, since they will not be taxed any more than they are now being taxed? Why should businessmen come before the House and before the committees of Congress and oppose an administration that they have confidence in, an administration that has brought business out into the daylight and has caused prosperity to be returned to us!

Mr. HOLLISTER. I wonder if the gentleman can tell us whether in the history of taxation there was ever a bill reported to the Congress where all business interests appeared and opposed the bill and the forces of the administration were in favor of it.

Mr. FULLER. Oh, yes.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman from Arkansas yield?

Mr. FULLER. Yes.

Mr. VINSON of Kentucky. In my experience here I do not recall any tax bill where any businessman affected favored any tax. I recall, in 1932, the automobile industry of the country had one of the highest-priced lawyers they could get appearing before the Ways and Means Committee. We were told that if we levied the small excise tax that is now on automobiles and automobile parts it would destroy the automobile industry. We have lived now long enough to see the automobile industry lead the way out of the depression.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. FULLER. If it is germane to this discussion; yes.

Mr. WADSWORTH. I was going to make an inquiry about the witnesses.

Mr. FULLER. I yield.

Mr. WADSWORTH. What was the name of the witness who came before the committee and expressed his approval of this measure? I think he represented the Communist Party.

Mr. FULLER. Yes; he was one of your constituents—he was from New York [laughter], and he was most severely condemned by me. I hate them like a rattlesnake. Seriously, I think he was from New York City.

Mr. WADSWORTH. He is supporting your bill; why condemn him?

Mr. FULLER. He is not supporting this bill. It was too mild for him.

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

Mr. FULLER. I yield.

Mr. VINSON of Kentucky. I know the gentleman from New York [Mr. WADSWORTH], who is really an illustrious Member of this body, and honors this body by being such an illustrious Member, while he smiles when he speaks of the attitude of the gentleman representing the Communist Party, if he will read the hearings and all the testimony of that witness and then say that he actually favored this bill, we are ready to take the burden relative thereto.

Mr. WADSWORTH. I understand he said this was a step in the right direction.

Mr. VINSON of Kentucky. He also said he was against the repeal of the corporate tax, the repeal of the capital-stock tax, the repeal of the excess-profits tax. He was not satisfied with only taxing the surpluses to be accumulated in the future. He wanted to tax the surpluses now in existence. He wanted to tax tax exempts. When you consider his entire attitude, he was against 99 percent of the bill.

Mr. FULLER. And I was against his appearance and surprised he was allowed to appear. I did not know he was a Communist. I will say one thing for my district. They cannot organize down there like they do in New York, parade the streets, and take possession of public places. We do not allow that where they are opposed to our Government and seek to tear it down and destroy it. [Applause.] I oppose all such communistic organizations which seek to destroy all value, advocate the existence of no God—have no regard for moral rights, and seek to rule by force. We should deport everyone possible.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield to me?

Mr. FULLER. No; I do not care to yield any more on that subject. I do not want to waste my time on anybody that even bears the stain or mark of being a Communist.

We have heard much about the public debt. When President Woodrow Wilson left the Presidency in 1921, after the World War, the public debt was, in round numbers, $24,000,000,000. This debt was soon reduced $3,500,000,000 by repayment of war loans by European nations and the sale of Army equipment and supplies. Big incomes over an 8-year period should and did cause a big reduction. When President Coolidge turned over the reins of government to President Hoover in 1929, the public debt was, in round figures, $16,000,000,000. In 4 years under Hooverism, the happy days of Republicanism, and in the golden era of the high protective tariff, which brought ruin, not only to the Republican Party but to agriculture, industry, and the Nation, the public debt increased $5,000,000,000—not one cent of which went to relieve the worst panic in the history of our Nation. Not a cent of it went to feed and clothe the hungry, naked, and sick. Soup houses and bread lines prevailed all over the Nation; agriculture was prostrate; industry was bankrupt; banks were closing all over the Nation; the auctioneer's hammer could be heard every hour of the day; and yet a deaf ear and cold shoulder was turned to this condition. Even the pot that was to contain the two chickens could not be found. The corner around which prosperity lurked could not be located. That supposed garage for two cars was taken possession of by the homeless and hungry poor. Although given to understand that no one should go hungry or die for lack of sustenance, the administration did nothing. It was only due to the tender mercies of the Red Cross, charity of city and States which went bankrupt, that these people were able to live until a humane administration came into power. Certainly these conditions were not chargeable to the Democratic Party.

It is true that since President Roosevelt took office the Democratic administration has increased the public debt ten or eleven billion dollars, but we have something to show for it. We have restored our country to an almost normal con-

dition; business is prosperous; confidence is restored; the national income is increasing; the poor and distressed have been aided; banks are on a firm foundation with their deposits guaranteed; public improvements of a substantial nature are in evidence in every community which will stand as a monument in future generations to a wise administration. Two million home owners, upon the farm and in the cities, are rejoicing that their homes have been saved from foreclosure and the auctioneer's voice. From the great increase in taxes resulting from business incomes this public debt will soon be materially reduced. [Applause.]

For the first time in the history of our Nation, due to the humanitarian foresight of our great President and a Democratic Congress, crippled, delinquent, and neglected children, the expectant mothers, the blind, and the aged have been granted relief and pensions. Certainly we have spent large sums of money, much more than we wanted to, but when we come into power we discovered that conditions were much worse than we anticipated under 4 years of Republican misrule.

Under such conditions it is right and proper, equitable, and just that big corporations should bear their part of the burden to take care of this relief program. Had it not been for the New Deal, all of the corporate business would have been on the rocks. We found it helpless and crying for relief and like dutiful parents we gave relief. Most of which is appreciated. Corporations being creatures of law, should be regulated by law and not permitted to go without regulation and taxation while individuals and partnerships cannot escape. If this law proves unjust and too burdensome, the same power that enacted it will be ready to amend it.

Let us see as to whether or not it is true, as contended by the minority, that this tax measure is not necessary and that it will kill or injure industry. They desire to pursue the old tactics of the sad days of Hooverism, by letting well enough alone, by protecting big business, allowing it to grow rich and opulent at the expense of the rest of the Nation. The entire Nation is convinced that there can be no prosperity in this country when the people as a whole do not prosper; that industry and business cannot prosper when the producers, the farmers of this country, fail to prosper.

When they contend we seek to destroy business, ask who restored the breath of life to these bankrupt institutions? Americans should thank God that in these days of "isms" and radical demands we have had such a great leader and President at the helm to steer the ship of state. [Applause.]

In the winter of 1932 and 1933, corn was selling in the great Corn Belt for 9 cents per bushel, it is now 60 cents; wheat was selling for 25 cents, it is now $1; cotton was selling for 5 cents a pound, it is now 11 cents; hogs were selling for $2.50 to $3 a hundred, now they are $10; cattle are today selling for three times more, and mules, horses, sheep, and all other farm products in proportion. This was brought about by the New Deal, by our agricultural program. We are now seeking to carry it out by a soil-conservation program, the money for which is provided for in this measure.

Let us further look at the record, to ascertain whether this program and the so-called New Deal is advantageous to the Nation and to business.

In the last 3 years on the stock markets cotton advanced 92 percent, wheat advanced 111 percent, corn advanced 152 percent, industrial production advanced 51 percent, listed stocks advanced 134 percent, and listed bonds 22 percent. And in this time unemployment declined 30 percent, public-utilities power production advanced 326 percent.

Big business, industry, and corporations have prospered under this administration. The following quotations from the New York Stock Exchange, from January 1, 1933, to January 24, 1936, clearly show how common stock and preferred stocks and bonds have doubled and trebled in value for almost all industry, including building materials, telephones, railroads, steel, tobacco, oil, manufacturers, public utilities, tire and rubber, mining, food and meat packers, automobiles, farm machinery, merchants, banking, milling, and so forth:

Name	Kind of stock	Jan. 1, 1933	Jan. 24, 1936
Baldwin Locomotive	Preferred	10⅞	38½
American Telephone & Telegraph		97⅞	160
American Locomotive	Preferred	20	80
Du Pont de Nemours		33¾	144¼
General Electric		11¾	38⅜
Hercules Powder	Common	15¼	84¼
International Cement		6¼	37¼
Johns Manville		13¼	101¼
Loew's, Inc		12	51¾
National Cash Register		5½	23¼
Owens, Ill., Gls		32	143½
Remington Rand	First preferred	9	24¾
Do	Common	2¾	22¼
Savage Arms		3	16⅛
Union Carbide		21¾	74⅛
United Fruit		25	69½
United States Industrial Alcohol		14⅜	43¼
Baltimore & Ohio	Preferred	10½	24⅛
Atchison R. R	Common	36⅞	70⅝
Chesapeake & Ohio		26¼	55¼
Great Northern Ry. Co	Preferred	7¼	34
Illinois Central Ry	do	33	59
New York City Ry. Co		15¼	28¾
Pennsylvania R. R		15	33½
Reading R. R	Common	24	40¾
Southern Pacific Ry		12¾	27½
Southern Ry. Co	Preferred	6	20
Union Pacific	Common	67½	120¾
Bethlehem Steel	Preferred	25½	130¾
American Rolling Mill	Common	6¼	30⅞
Midland Steel		3	22⅛
United States Steel	Preferred	54¼	119¼
Do	Common	24⅞	47¾
American Tobacco B	Preferred	53½	99¾
Liggett & Meyers B		52	113
Lorillard Tobacco		11	25⅝
Reynolds Tobacco B		28⅜	57⅝
Houston Oil	Common	1⅞	10½
Standard Oil of California		20¼	41⅞
Standard Oil of New Jersey		23	55¼
Texas Corporation		11¾	34
Tide-Water Association		3⅝	16⅜
American Can		52⅝	125½
American Steel Foundry		4¼	25⅞
American Woolen	Preferred	22⅝	67½
Diamond Match	Common	17¾	39¾
Procter & Gamble		21	48¼
Pullman, Inc. (railroad equipment)	Common	18⅝	41¼
United States Pipe & Foundry	do	6½	31¼
Colorado Gas & Electric	Preferred	59	106½
Consolidated Gas		91	106½
Electric Power & Light		10⅛	47½
Firestone Tire & Rubber	Common	10	26
Goodrich Rubber	do	3	15⅜
Do	Preferred	9	86
Goodyear Rubber	do	27¾	94
Do	Common	10⅞	23½
United States Rubber	do	2⅞	18⅛
Do	Preferred	5½	55¼
American Smelting	Common	10⅞	63¾
Anaconda Copper		5⅝	30½
Cerra De Pasco		7	54⅛
United States Smelting & Refining	Common	17½	94¼
Armour & Co	Preferred	7¾	109¾
Wilson & Co	do	19	84
Do	Common	1	10¼
General Motors	do	10¾	56¼
Mack Truck		14	27½
Hudson Motor Co		3⅜	16⅛
J. I. Case	Preferred	41	121
Deere & Co., farm implements	do	7⅛	29½
International Harvester	do	14¾	57⅝
Oliver Farm	do	3½	26¾
Gimbel Bros	do	5¼	76¾
Kresge Chain Store	Common	5¾	24⅛
Marshall Fields		4½	11⅝
May Department Store		10	48¾
Montgomery Ward		9⅝	36½
Sears, Roebuck & Co		13¾	62¼
Woolworth		27½	53
Ward Baking	Preferred	12	70
Loose Wiles		20	44¾
Western Electric	Common	20½	94
Western Union		21	76
Pillsbury		9½	35⅞

These are the same class of corporations it is contended we will ruin. All others have likewise advanced. Their bonds and stocks are higher now than last January.

When we passed the act controlling the stock exchange so these gamblers could not play with stacked decks and marked cards, and when we passed the Securities Exchange Act providing that corporations must pass inspection before being permitted to sell gold bricks and worthless securities to an unsuspecting public, the same argument was made that we were killing and bankrupting business and industry. The converse has proven true that these just regulations,

stimulated and made legitimate business, and the same will prove true as a result of this tax measure.

We cannot always continue going into debt; we must collect as much as we pay out; in other language, balance the Budget. It is to be hoped that we can soon, as I feel we must, dispense with large appropriations for relief. But as we are emerging from this, the greatest panic and the most trying time of our Nation's recent history, it is necessary that we should carry on.

At times I feel sorry for the reactionary Republican membership of this House. They are the few faithful who have survived the storm, veterans of a lost cause. Here is hoping they may be long remembered and honored for their able defense of Republicanism at Waterloo. Personally they are fine fellows and from a Republican viewpoint real statesmen, loyal, able, patriotic Americans. But they are out of tune with that popular, very appropriate American melody Happy Days Are Here Again, and they are out of step in this great American march of progress. [Applause.] They are without a leader and are going hither and thither like a ship without a rudder. They are like the children of Israel, lost in the wilderness, their leaders gone, they have set up false gods to worship, emblematic of the high protective tariff and big corporations. [Applause.] Being driven from the pie counter to which they were so accustomed, is enough to make them desperate. I would that I could relieve the heartaches of this little band of battle-scarred veterans, that I could remove the scales from their tear-stained and swollen eyes that they might see the birth of a New Deal, a new condition in America in which unjust enrichment and accumulated wealth shall not be the dominant and controlling factor. [Applause.]

Mr. WOODRUFF. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, in order that my good friend from Arkansas may remove some of the scales from his own eyes I should like at this time to set the committee right on the matter discussed a few moments ago with reference to the position of the Communist Party on this bill.

I find on page 385 of the committee hearings that Mr. Bedacht, the gentleman who appeared before the committee representing the Communist Party, made this statement:

> Of course, we are in favor of taxing corporate surpluses and undivided corporation income, but I shall try to show that the proposals of your committee leave loopholes which will be used by the big corporations to dodge tax payments in the future as they did in the past.

Then again, on page 389, Mr. Chairman, I find this colloquy between the very able and distinguished gentleman from Kentucky [Mr. VINSON], and the witness:

> Mr. VINSON. Mr. Bedacht, I understand you are against this bill because of the abolishing of the present corporate taxes——
> Mr. BEDACHT. Pardon me?
> Mr. VINSON. I say you are against this bill because it abolishes the present corporate taxes, the capital-stock tax, and the excess-profits taxes?
> Mr. BEDACHT. We are not against the bill. We say it does not go far enough. We say it does not go far enough.

Then again, Mr. Chairman, on page 390, there appears a colloquy between the witness and myself in which this statement was made:

> Mr. WOODRUFF. May I ask you this, Mr. Bedacht: You say you believe in taxing undivided profits and surpluses?
> Mr. BEDACHT. Yes.
> Mr. WOODRUFF. Then you must approve to a much greater extent the proposal originally sent to us by the administration which provided a tax of 33.5 percent on all surpluses? That is more in harmony with your views, isn't it?
> Mr. BEDACHT. Well, I base myself and my statement on the draft that was published in, I believe it was the New York Times, as being the draft of this committee.
> Mr. WOODRUFF. Then you are not familiar with the original proposition that was sent to the committee?
> Mr. BEDACHT. No.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Chairman and members of the Committee, before I go into the remarks I have prepared for this occasion I think we should clarify this question of communism. I thought that this matter had been fully discussed by the incorporation on page 5999 of the RECORD by the gentleman from Washington [Mr. SAMUEL B. HILL] of the essential portion of the testimony of Mr. Bedacht.

Other quotations from it have been incorporated in the RECORD by the gentleman from Michigan [Mr. WOODRUFF]. I think we ought to conclude the whole subject with the statement of Mr. Bedacht made on page 390 of the hearings, in which he said, in answer to a question by the chairman of the Ways and Means Committee, where the chairman said:

> You are against about everything there is in it. Then you could not be for it, could you?
> Mr. BEDACHT. I didn't say that.
> The CHAIRMAN. I said you just stated you are against about everything in it. Then you could not be for it.
> Mr. BEDACHT. Well, we are for it in addition to the old taxes. We are certainly not satisfied with the draft of the law as it was published by this committee.

Mr. DOUGHTON. Will the gentleman yield?

Mr. BUCK. I yield.

Mr. DOUGHTON. Notwithstanding the fact on cross-examination he was against practically everything regarding the bill, would the gentleman from Michigan refuse to eat food cooked by a good warm fire simply because the devil uses fire in his business? [Laughter.]

Mr. WOODRUFF. I could not hear the remarks of the gentleman from North Carolina. Will the gentleman yield?

Mr. BUCK. I yield.

Mr. WOODRUFF. The gentleman will not say that I did not quote the record correctly. Mr. Bedacht said that the bill did not go far enough, and naturally he would not expect the majority of the House to report a bill that he would be 100 percent in favor of.

Mr. BUCK. He was opposed to the corporation tax; he was opposed to repeal of the capital tax; he was opposed to the repeal of the excess-profits tax; and he thought the bill ought to tax previously accumulated surpluses.

Mr. WOODRUFF. I think the gentleman is going a step too far.

Mr. BUCK. Let me read from the testimony:

> Mr. VINSON. Are you against abolishing the capital-stock tax?
> Mr. BEDACHT. We are against——
> Mr. VINSON. That is the present tax that is on the capital stock of corporations.
> Mr. BEDACHT. Yes.
> Mr. VINSON. $1.40 a thousand?
> Mr. BEDACHT. Yes.
> Mr. VINSON. Are you against the repeal or abolishing of the excess-profit taxes?
> Mr. BEDACHT. Yes.
> Mr. VINSON. Now, you say that this bill ought to tax present surpluses?
> Mr. BEDACHT. Surpluses accumulated up to now; yes.
> Mr. VINSON. The accumulated surpluses?
> Mr. BEDACHT. Yes.
> Mr. VINSON. And you think that they ought to be taxed?
> Mr. BEDACHT. Yes.
> Mr. VINSON. And I believe you say that you ought to tax tax-exempt securities?
> Mr. BEDACHT. Yes.

Mr. McCORMACK. Will the gentleman yield?

Mr. BUCK. I yield.

Mr. McCORMACK. Does not the gentleman think that we are making a mountain out of a molehill?

Mr. BUCK. I do. Let us call it a day and go on with the consideration of the bill.

Mr. Chairman, I decline to yield further. It is not my intention to answer all of the remarks the gentlemen on the minority side have made, because it must be extremely confusing for anyone who has endeavored to follow the debate on this tax bill to ascertain on just what grounds the minority is opposing it. It is true, of course, that they have listed in the minority report a number of objections to the bill, and each of their speakers has taken some phase or other of this report as a basis for opposition. But there has been no consistency in their plan and, indeed, no consistency in even the positions taken by individual opponents. I do not know that consistency is an indispensable virtue. Daniel Webster once said, "Inconsistencies of opinion arising from

changing circumstances are often justifiable." But certainly it is inconsistent to oppose a bill on the ground that it will wreck business and in the next breath on the ground that it will not produce sufficient revenue. Circumstances are not changing while one speech is being made.

The gentleman from New York [Mr. REED], in the course of his remarks, ascribed the source of the proposed graduated tax on income of corporations measured by the amount of earnings and profits set over to surplus to Under Secretary Tugwell, yet elsewhere in his remarks the gentleman from New York stated that this was a "method considered and rejected by both the Treasury and the Congress at various times during the past 16 years." I hope the gentleman will be able to agree with himself before the debate is over. The truth of the matter is, as the able chairman of the subcommittee on taxation [Mr. SAMUEL B. HILL] explained last Thursday, that this same principle, a provision that the gains and profits of corporations should be included in the annual gain, profit, or income of any person entitled to the same, whether divided or otherwise, was actually the law of the country from 1861 to 1872.

Now, that is just the aim of this most-discussed, revised form of tax on corporations; to prevent the accumulation of earnings and profits in corporate surpluses which are not distributed to the individual taxpayer and which thus free him from his just tax responsibility to the Government.

The provisions of the pending bill have been so thoroughly and ably discussed today by the gentleman from Kentucky [Mr. VINSON] that I do not propose to repeat that explanation. I do, however, desire to say a few words about the philosophy of the major change made by it, and in doing so I want you to remember that this is a revenue act. At this point I compliment the minority leader [Mr. SNELL], who is the first member on the Republican side to admit that the purpose of a tax bill is to raise revenue. No matter if he did refuse to vote new taxes until some alleged waste of public moneys ceased, without ever specifying what that waste was. No matter if in speaking of deficits he forgot to call attention to the testimony of Acting Director of the Budget Bell—page 671 of the hearings—that the deficits for the fiscal year 1931, under the preceding administration, was $902,716,845; for the fiscal year 1932, $3,153,097,507; and for the fiscal year 1933, $3,068,266,874, or a total deficit for the 3 consecutive years of $7,124,081,226. Other members on the Republican side seem to have forgotten the purpose of this bill—revenue.

Philosophy, therefore, must be mixed with fact. The whole truth of the matter is that this additional money is needed as a result of certain definite events. The decision of the Supreme Court invalidating the processing taxes levied by the Agricultural Adjustment Act, which had been included in both the 1936 and 1937 Budgets; and the enactment of the Soil Conservation and the Adjusted Compensation Payment Acts by Congress. The first of these events imposed the necessity of raising some $517,000,000 of revenue, referred to in the committee's report. Of course, it is true that Congress could have avoided the payment of some $286,000,000 of this by refusing to appropriate anything for the payment of the benefit contracts that the farmers had already entered into in good faith, but I fail to remember anyone on either side of the House urging that that be done.

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

Mr. BUCK. Yes.

Mr. COOPER of Tennessee. It so happens it was my privilege to be presiding over the Committee of the Whole House on the state of the Union during the consideration of the deficiency appropriation bill, which carried that item. I do not recall that there was a vote on either side of the aisle against the inclusion of that amendment, which was offered by the gentleman from Texas [Mr. JONES], chairman of the Agricultural Committee.

Mr. BUCK. I am sure that the gentleman is correct. That was my own recollection. The gentleman from New York [Mr. TABER], who spoke against the bill, and some others, may, in all fairness object that they did not personally vote for the imposition of the additional obligation made necessary by the passage of the bonus bill, but the vast majority of Congress did, and it must assume the responsibility, therefore, of raising the additional funds. It is equally idle for the gentleman from New York or others to object to the other event which makes necessary the raising of permanent revenue, the passage of the Soil Conservation Act. It may not seem to them good policy, but again it has met with the approval of the vast majority of Congress, and the funds for it must be provided.

We are not facing the question of raising money for deficits incurred in past years. We are faced with the question of providing money for the particular items which this session of Congress has passed and has adopted—a farm program, permanent and additional funds for 9 years for the veterans.

In the course of his remarks, the gentleman from New York [Mr. SNELL] referred to the fact that the President, in his message in opening Congress, had promised that there would be no new taxes. For the sake of accuracy, I shall read into the RECORD the exact language used by President Roosevelt in that message:

> National income increases; tax receipts, based on that income, increase without the levying of new taxes. That is why I am able to say to this, the second session of the Seventy-fourth Congress, that based on existing laws it is my belief that no new taxes, over and above the present taxes, are either advisable or necessary.

Mr. Chairman, that is a very different thing from saying that no new taxes would be levied. The events I have referred to have happened since then—the invalidation of taxes that were in the Budget and the decision of Congress in these two acts to appropriate money. Let us therefore stop this theorizing and face the facts.

When we have to raise new moneys, it is necessary to go into somebody's pocket or to invade somebody's strong boxes. It is only natural that new taxes should be objected to. It is the privilege of the taxpayer to have proposed tax changes as carefully considered as it is his privilege later to have the tax laws strictly construed. On the other hand, it is our congressional duty to see that all loopholes in tax laws are closed and see that the taxes levied produce the maximum amount of revenue.

Some of the members of the minority have wanted to talk about retrenchment of expenditures. Retrenchment! Let us discuss that at the proper time. Let us find out what definite proposals the minority will make. But make them definite, my friends. Generalities will accomplish nothing. And this is not the time or the place. We are dealing here only with specific taxes for specific subjects and revenue required for specific appropriations. Back to our revenue bill.

One of the most serious evasions under the present tax law is the failure of corporations to declare as dividends their earnings and profits, and so keep them untaxed. Not only is the Government defrauded, but you and I, engaged in a partnership business, are placed at a disadvantage, for partnership profits are taxed to the individuals whether drawn down in cash or not. Similarly, I, as an individual doing business, am taxed on the full 100 percent of my earnings, whatever they may be.

The gentleman from New York [Mr. REED] says that the new plan proposes to determine in advance, irrespective of circumstances, the amount of savings for every business in the United States, and said that we would not dare do that with regard to the farmer or the wage earner. Why, gentlemen, that is exactly what we do do in regard to them. One graduated scale confronts both of them, a tax on all their earnings. They have no opportunity to deduct from taxation the amount that the one may desire to invest in a new barn, or the other in new tools, which are the equivalent of the plant investment that the minority members have been talking about. No; every cent of their income, no matter for what it is spent, is subject to taxation.

The gentleman from New York [Mr. SNELL] likens corporate surpluses to paid-up life insurance policies, but he

should remember that the individual gets no deduction in his tax return for the money that he pays as premiums on any kind of life insurance policy.

I repeat, that all this bill proposes to do is to put the stockholders of corporations in the same category as partners or individuals.

The gentleman from Vermont [Mr. PLUMLEY], with his usual and characteristic candor, stated "experience has conclusively and undeniably demonstrated one thing: that is, that people will avoid or escape, whenever it is within their power to do so, the payment of any tax." That, gentlemen, is just what has been happening throughout the United States for these many years, and is still happening today. I do not charge that corporations, by and large, are formed for the purpose of evading tax liability. There are a great many other advantages possessed by the corporate form of structure, including limited liability of the stockholders, concentration of management, and so forth, but when corporations do not currently distribute the major portion of their earnings and accumulate surpluses, they are depriving the stockholders of a return on their investment which they have a right to expect, and they are depriving the Government of the revenue that it has a right to expect. These accumulations may often have dire social consequences. Take for example the large amounts of money that were lent out from their surplus funds by corporations to stock market operators in 1928 and 1929. That these funds helped produce the ensuing crash in the market, few doubt.

That when they had been recovered from the borrowers they were subsequently declared in dividends, is claimed as a virtue by the minority Members, but they should have been declared in the years when they were earned.

On the other hand, if these funds remain idle, they are of no value to our social structure. They are a temptation to the management of the corporation to enter into a program of expansion of plant facilities, often unjustified, as we have learned from the overexpansion of these facilities during the so-called Coolidge boom. Capital becomes invested in plant facilities to a point where interest can no longer be earned on the investment.

One of the saddest things in this controversy is the failure of the minority to see that the declaration in dividends of accumulated earnings and profits will not decrease, but will increase new enterprises. I know that the gentleman from Michigan [Mr. WOODRUFF] has propounded the theory that these declarations may be so heavy that large stockholders will dispose of their holdings and invest in tax-free securities. There is a possibility that some people may do so. The possibility is greatly limited by the fact that if conditions are such as the gentleman imagines, the present holders of these tax-free securities will probably not want to sell them. It is further limited by the fact that those who may dispose of their holdings will have to pay a capital-gains tax. Furthermore, the purchaser of such corporation's stock will thereafter be taxable on the dividends declared. I cannot see, therefore, why we should anticipate any loss in revenue to the Government from such a procedure.

Moreover, dividend money put into circulation must seek some form of investment, and it is not only logical but entirely natural that this money will be available in increasing quantities for the formation of new enterprises instead of lying idle as it does at the present. Even the dividends received by small shareholders, placed in circulation for the purchase of consumption goods, will require, indirectly, investment by someone to increase the consumer supply.

It has been further argued that the proposed tax system will destroy small corporations; that it will prevent the gradual growth of a new enterprise. All these arguments may be dismissed as nonsense. In the first place, small corporations are now in more danger of being put out of business by existing large corporations with huge surpluses which they can use to wreck their rivals than they will be hereafter; secondly, new corporations may set over to surplus, according to their earnings, between 30 and 40 percent of their annual income each year, and pay no more tax than they pay at the present time, and so gradually accumulate a surplus; or if their earnings are large enough from the start, they may, as long as the interests of the stockholders are not changed, reinvest the earnings in plant facilities and declare stock dividends tax free; or they may declare all the earnings in dividends, pay no tax, and have the stockholders reinvest the money in new stock issues; or the money may be declared as dividends and lent to the corporations by the stockholders. There are no penalties on advancement or expansion of business under this bill—only on the withholding of unduly accumulated earnings and profits from taxation. We are only concerned with seeing that these earnings go through the tax mill in the hands of the shareholder.

Of course, the corporations, and especially the small corporations, are not going to be the sufferers. It is the individual who holds a large amount of stock in some profitable corporation and who, through that corporation's failure to declare dividends, is escaping surtaxes, who is behind the protest against this principle of taxation, in whatever form that protest comes. That individual does not want to consider the question of tax inequalities. Nevertheless, it is our duty to provide the needed revenue for the Government and secure it where it can be secured without creating a tax inequality, and instead, abolishing one that exists. But, said the gentleman from New York [Mr. SNELL], and I believe the gentleman from Pennsylvania [Mr. RICH], all a man has to do is to take his wife and daughter and organize a corporation. As to his income, he will then be on the same basis as other corporations and can accumulate his earnings and pay no tax. Other members of the minority have expressed this same thought in varying language. Are they hunting additional revenue or additional evasions? Are not these remarkable suggestions from those who are shouting "Balance the Budget"? Oh, yes, "Balance the Budget", they cry, but at the first real effort to secure money to help balance it, they revolt. I repeat, we are trying to raise money and not trying to increase the number of those who evade their tax responsibilities.

Governmental functions that are new have been called into existence as a result of popular demand. The people realize that these must be paid for by taxes. They do not object to paying what is demanded of them if they consider the tax fair. What the ultimate requirement that the Government revenue will be must depend on what the people demand of it in the way of service. In the meantime, as long as we depend to a considerable extent upon the income tax for Federal revenue, it is our duty to see that that income tax is distributed as equitably as possible, and that no one, through a corporate device, a fiction of law, is permitted to escape payment of his just proportion of that tax. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. WOODRUFF. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, there has been a great deal of discussion of this tax bill from a political point of view, and a great deal of discussion from the point of view of the raising of revenue. We all know that if money is to be spent, revenue must be raised. I imagine enough has been said about this for the time being. I do not think very much has yet been said, however, about basic theories of taxation as applied to this bill.

As I understand the theory of taxation there are three methods of approach. Taxation may be used as a means of coercion. The tax set up in the Guffey coal bill was a typical example of the use of taxation as a method of coercion. Taxation may be used as a weapon of social justice. When estate, inheritance, or even income taxes get beyond a certain point—and no one can tell exactly when that point is reached, even though the law of diminishing returns begins to operate—they may, of course, be carried still higher as a weapon of social justice to bring about the leveling of classes and the sharing of wealth.

Taxation is used chiefly, however, for the purpose of raising revenue; and it was our understanding when the President first suggested this tax that it was to be a tax for the particular purpose of raising revenue, not to coerce any par-

ticular group into any particular thing or to bring about any particular social readjustment.

There are several provisions in the bill as drafted which have little to do with the raising of revenue and which would seem to indicate that the chief purpose of the bill has been forgotten. As I stated earlier, if money is to be spent, we know it must be raised. If spending has stopped, if we were not raising all the revenue we should need for the next few years and were raising it on a permanent basis, we might give very serious thought to the complete change of the whole system of corporate taxation which this bill brings about.

No system of taxation, of course, that any one of us can think of is going to satisfy everybody, but it does seem that when we completely revamp the whole structure of corporate taxation we ought to give a little more thought to how permanent it is going to be, whether or not the total amount of revenue which is to be raised will bring about a balanced Budget, and whether or not we are going to be able to follow such a tax through to its logical conclusion and not consider it merely as a stopgap, which, in turn, will have to be eliminated, perhaps, next year or a few years in the future.

Whatever else may be said about this tax bill, it must not be forgotten that it will require deep study by lawyers, deep study by accountants, and a great deal of work which will be completely de novo. We will have to start again from the beginning and work out what this is going to mean to the corporate structure of the country. Whatever we may say of the existing tax laws, and heaven knows they are hodgepodge, and I am not here defending them, we at least have a certain experience behind them on which we can work, a certain number of years in which lawyers, accountants, and courts have given full consideration to the subject. To change this structure completely overnight and start afresh on a tax bill which is merely a temporary stop-gap seems to me a very unwise thing.

There has been a great deal of talk of the propriety of taxing corporations. The fact that a corporation enjoys a privilege which an individual or partnership does not enjoy is true, and that is why taxes on corporations are justified, even though the profits of corporations may in turn be passed on to individuals, who are again taxed for the same profits on which the corporation is taxed. But let us stop and consider what the corporate entity has done for this country. The reason people are willing to put their money into a corporation in order to achieve a certain business purpose is because they are relieved from certain responsibilities and hazards which they would have in the event the purpose were undertaken by them personally or by a partnership; there is ease of management, there is a flexibility which no individual and no partnership has, and there is also the very important consideration of limitation of personal liability. The development of corporations has made possible in this country the amassing of large sums of capital for industrial development. Whether in small corporations or in large corporations, the amassing has been the same, and through the use of these large sums of capital it has been possible to develop this country to an industrial position no other country in the history of the world has ever reached. This had been done chiefly through the use of the corporate entity. This does not necessarily mean we should give a corporate entity special privilege, that we should not tax it, that we should not limit it by proper legal restrictions, but it does mean that we should not necessarily consider the corporation as a thing suspect and say to a corporation, as we are doing in this bill, "You shall run your corporation according to a set of absolutely strict and inexorable rules which we lay down in this bill." We do that in this legislation without giving consideration to whether it is a corporation dealing with producers' goods or consumers' goods; whether it is a corporation which employs a large amount of labor with respect to its gross business, or a small amount of labor; whether it is a corporation dealing with a large mass or raw materials or small amounts; whether it is a corporation which has a high peak and a low valley of business, so that it must protect itself during the slack periods. We put them all on a uniform basis and say that over the years it is not permitted for them to accumulate surpluses without penalties.

Mr. Chairman, in the brief time allotted me it would manifestly be impossible for me to run the whole gamut of corporate enterprises in this country and show how different they are.

It is sufficient for me to mention this defect in pointing out how little study has really been given to an attempt to change the whole method of corporate taxation without due regard to all the differences of corporate enterprise in the country.

Let us take the matter of chain stores. Chain stores are not very popular, I am led to believe, on the floor of this House; yet it seems to me in this bill you have put the chain store in a particularly advantageous position. The chain store has little need to build up any kind of a corporate surplus. A chain store can restrict very quickly its purchases and its stocks of raw materials or even finished goods. It can very quickly close any number of its small stores and let out any number of workers. If you will examine the records of chain stores you will find that to a great extent their earnings are paid out in dividends; therefore, to that extent the chain stores, under this bill, become almost exempt from taxation.

Take, on the other hand, a company that engages purely in the production of capital goods; a company engaged in the manufacture of great machinery, for instance. Let us assume a company which makes, we will say, paper-making machinery, where one order runs up to $500,000 or more and where a concern which gets two or three orders in a single year is very lucky in these times. Is it possible for a concern of that kind to operate from day to day on a small accumulated surplus? In the very nature of things, if they are going to accept orders at all and be able to get those orders out, they must over a period of years accumulate a large surplus with which to buy steel, with which to pay their employees, and with which to do all of the other things which have to be done while the finished product is in process of manufacture, thereby differing absolutely from the other typical example which I gave of the chain store.

I could, if I cared to, take one corporation of one kind and another corporation of another kind and point out the manifest differences in the way in which they must operate. Yet, Mr. Chairman, what you are doing in this bill is to say with respect to every one of those corporations: "You must be handled in an absolutely ironclad strait jacket no matter what your situation is; the same rules apply as to whether you are permitted to accumulate corporate surpluses."

This is particularly harmful to the one line of business which had lagged furthest behind in the recent improvement, which many gentlemen have pointed out has occurred lately with respect to American business. The heavy-goods industries are those which have most lagged behind and it is those which are particularly injured by a bill of this nature.

Mr. Chairman, up to this time I have simply been discussing generalities, the theory of taxation behind this whole scheme, and why it is so unwise in order to raise a certain amount of revenue to adopt suddenly a new system of taxation rather than a flat corporate levy or a flat income-tax levy, or whatever it may be, which can be easily computed under existing law. However, there are a few particular things to which I want to call the attention of the membership, and perhaps I may best do that by addressing one or two questions to one of the gentlemen at the majority table.

I should like to ask the gentlemen if they can tell whether any thought has been given to the situation of a corporation which has made no definite contract against the declaration of dividends but is subject to certain contract conditions so that if dividends should be declared at all, or in excess of a certain amount, some very unfortunate condition will come into effect with respect to that corporation. Was any consideration given to that matter?

Mr. VINSON of Kentucky. To what condition does the gentleman refer?

Mr. HOLLISTER. I shall try to be specific. I understand the law to provide that in the event a corporation has made

a binding contract that it will not declare dividends at all, or perhaps not beyond a certain amount, if that contract cannot be gotten around in some way, and if there is no way in which dividends may be declared except through breach of that contract, then a special arrangement is made by which the corporation pays a flat rate?

Mr. VINSON of Kentucky. Where there is an express contract; yes.

Mr. HOLLISTER. Let me call attention to the fact that many corporations have either in the indentures covering their bond issues or in the agreements covering their debentures or perhaps in the provisions covering their preferred stock, a statement that in the event the corporation declares a dividend over a certain amount, or at all, then the mortgage will become due or the note will become due or certain voting rights in the preferred stock may be affected.

Mr. VINSON of Kentucky. That would come under section 19.

Mr. HOLLISTER. I do not think so. That is where there is a binding contract. If the corporation declares dividends, it is in violation of the contract. But I am not asking about that. I refer to the case where there is no binding contract, but a very onerous condition which will come into effect.

Mr. VINSON of Kentucky. When I said "section 19", I was referring to the subcommittee report. I think the case to which the gentleman refers, if it does not come under the dividend section at all, would probably come under the debt section.

Mr. HOLLISTER. Why would it come under the debt section?

Mr. VINSON of Kentucky. Because the gentleman referred to the indentures and the bond issues. If they mature in more than 3 years——

Mr. HOLLISTER. I am not discussing the debt situation. Let us assume this condition comes into effect with respect to a preferred-stock issue.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. HOLLISTER. Let us suppose in the preferred-stock issue it is provided that in the event dividends are declared of more than a certain amount, then certain voting rights will come into effect or certain things will have to happen. Has that been covered in any way?

Mr. VINSON of Kentucky. It seems to me that certainly comes under section 15, the contract provision.

Mr. HOLLISTER. That is not a contract.

Mr. VINSON of Kentucky. Certainly it is a contract.

Mr. HOLLISTER. If the gentleman will read that section, the gentleman will see that it gives the exception in the event dividends are declared in violation of the contract. I am not discussing that provision. I am discussing the situation where there is merely a breach of a condition that is in no sense the violation of a contract.

Mr. VINSON of Kentucky. I do not see why not.

Mr. HOLLISTER. If the gentleman does not understand the difference between a contract and a condition——

Mr. VINSON of Kentucky. The gentleman need not lecture me in that regard. I am trying to help the gentleman.

Mr. HOLLISTER. I beg the gentleman's pardon.

Mr. VINSON of Kentucky. Of course, I must understand exactly what the gentleman is saying.

Mr. HOLLISTER. Yes.

Mr. VINSON of Kentucky. But I am stating that, in my opinion, with that sort of statement made in your indentures, it would fall under section 15. Now, you have the deficit proposition in section 14 and you have the debt situation that probably would attach to the case the gentleman refers to in section 16.

Mr. HOLLISTER. Would the gentleman object to a perfecting amendment to clear up a condition of that kind?

Mr. VINSON of Kentucky. I would want to see the amendment first.

Mr. HOLLISTER. But on theory the gentleman would believe that I am correct in stating that in the event this is not covered in the bill, it should be covered where a very unpleasant condition will happen to a corporation in the event it declares such dividends.

Mr. VINSON of Kentucky. When the gentleman submits the amendment, if it is not covered by sections 14, 15, or 16, we will be pleased to consider it.

Mr. HOLLISTER. Another matter I would like to call to the gentleman's attention is this: Why is provision made that one corporation, 80 percent of whose income comes from dividends in another corporation, is not enabled to take a credit if these dividends are paid to a holding corporation holding more than 50 percent of the stock of the paying corporation?

Mr. VINSON of Kentucky. I should think that would be very obvious to the gentleman.

Mr. HOLLISTER. I would be very pleased to have the gentleman explain that.

Mr. VINSON of Kentucky. I will give the gentleman an illustration. If corporation A declares out a dividend, and if the dividends are received in a taxable year other than the one in which they are declared, of course such dividends are subject to tax in the latter year. For instance, if the dividends are received in 1937 on income derived from a corporation in 1936, of course the tax upon the dividends would attach to the taxable year of 1937. If the dividends were paid by corporation A to corporation B and received by corporation B in 1937, it would be a very simple matter, without this language in the bill, to form corporation C and pay the dividends from corporation B to corporation C and have no tax in the taxable year 1937, and so on ad infinitum.

Mr. HOLLISTER. Would not corporation C have to declare them out?

Mr. VINSON of Kentucky. Yes; but they do not get them until 1938.

Mr. HOLLISTER. Would not that be perfectly easy to cover by a reference to the particular year rather than the kind of corporation?

Mr. VINSON of Kentucky. I would be very happy if the gentleman would submit something on that, because that section is intended to prevent pyramiding or prevent the setting up of corporations for the sole purpose of tax evasion.

Mr. HOLLISTER. That may have been the purpose, but what the gentleman has really done is to massacre a corporation——

Mr. VINSON of Kentucky. We have heard a lot about the massacring of corporations.

Mr. HOLLISTER. I am not referring to what the gentleman has heard. I am stating what has happened. I am asking the gentleman some questions, and I do not want him to use all my time in stating what has happened. I am pointing out that what the committee has done is to take a whack at a holding corporation of that kind, whether a utility or not, and practically put it out of business.

Mr. VINSON of Kentucky. A personal holding company?

Mr. HOLLISTER. Does the gentleman want to ask me a question?

Mr. VINSON of Kentucky. No; I will never ask the gentleman a question again as long as I am a Member of the House. I thought the gentleman had yielded to me.

Mr. HOLLISTER. I shall be very pleased to yield, but I have only a minute or two.

Mr. VINSON of Kentucky. I was trying to help the gentleman by saying that this refers both to operating company and personal holding companies as well.

Mr. HOLLISTER. The gentleman misunderstands me. I am not discussing personal holding companies. This is not a personal holding company. This is the case of a corporation which gets its dividends from another corporation and, in turn, is held by a third corporation and has nothing to do with personal holding companies.

Mr. VINSON of Kentucky. Personal holding companies are also involved here.

Mr. HOLLISTER. Not in this particular aspect of it.

Mr. VINSON of Kentucky. Yes.

Mr. HOLLISTER. I wish the gentleman would point it out or get someone on his side to point that out.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 additional minutes to the gentleman from Ohio.

Mr. HOLLISTER. There are a number of questions of this kind, Mr. Chairman, which we could go into, but the bill in its present form I am assuming will never become law. Manifestly, even if the Senate does not very greatly change this whole theory of taxation, which I confidently predict, it will certainly fill up some of the gaps now in the measure, because you can drive a coach and horse through it in 20 different places. It is a typical example of trying, in a few days, to revamp the taxation set-up which has been built up over a period of years, and which may not be the best we can get, but, at least, is based on considerable sound experience.

The particular worry, it would seem to me, in a bill of this kind, would be what the average person will be able to do who is trying to consider what his taxes are going to be under this measure. It will be easy enough for the large corporation to get expert accountants and get excellent attorneys to handle the picture, but it is going to be the hardest thing in the world for the little fellow to know what his tax liability is going to be.

I know I will be met with the familiar argument, "Oh, what you are really trying to do is to comfort the big corporation and soak the little fellow and you are just talking the other way around", but I want you to think it over as you read this bill. What would you do if you yourself had to sit down, running some little business, and figure out just what change it meant in your whole corporation set-up? Just think that over without listening to the camouflage that may be thrown over the thing by a few excellent orators.

Think what it means to any man trying to work out the meaning of this bill for his own particular business. It does seem to me that in this bill, in addition to the unsoundness of the basic tax principles, we have another example of attacking thrift. That seems to be the aim today. There is no encouragement to save, there is no encouragement for accumulating something to pay your debts, there is no encouragement to do those things which have made this country great.

This bill says to the corporations, "Do not accumulate a surplus, do not collect something to carry you through a rainy day, do not lay aside money so that you can employ labor when hard times come again." It is another manifestation of that continual gnawing at those things which have made this country great.

This bill, if it becomes a law, will do much to disrupt and hamstring the present corporate set-up in this country. If this bill is not so drafted as to carry this method of taxation through to logical conclusion and make it permanent, then it will be nothing but a temporary stopgap and should not in any instance be put into effect at the present time. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman and members of the Committee, the gentleman from Kentucky [Mr. VINSON], in the course of his statement, mentioned the fact that there were only seven Members of Congress who voted against the 1934 revenue measure.

I have the good fortune or the misfortune to be one of that seven who voted against it, and if I had the opportunity I would vote against it again today.

Today I am like the Shakespearean actor who went into a restaurant and ordered everything on the bill of fare but had no money in his pocket to pay for it. He was thrown out. About a year or two later he went back and ordered everything on the bill of fare and then called the manager, and he said, "Do you remember the Shakespearean Hamlet who came in here a year ago and had no money and ordered everything on the bill of fare and had to be thrown out?" The proprietor said, "Yes." "Well," he said, "I think you will have to perform that same painful duty again today." [Laughter.]

I expect it is going to be my painful duty to vote against this bill when the time comes. And I do so for a reason. Understand, every Member of this House has to discharge his own responsibilities according to the light given him. In that connection I might say that when the gentleman from New York chastised the House the other day—it was a verbal chastisement—because only 34 Members were present on the floor, I admit, in deference to myself and in fairness to my constituents, that I was one of those who was not on the floor—and for a very good reason. I had been listening patiently for hours seeking to gain some light, understanding, and erudition in respect to this bill. Perhaps the fault is lack of perception on my part. In any event, I did not get it.

So I went back to my office with the bill and a copy of the report and undertook to get what little truth I could get out of the bill. It is our individual responsibility, and we are going to have to discharge it the best we know how, and I am going to vote against the bill. Yet I can meet the majority two-thirds of the way and still vote in the negative. First of all, I recognize the need for taxes. I voted for many of the appropriation bills, I voted for the bonus, I voted for the Soil Conservation Act, and I have been going around the country preaching against an unbalanced Budget. I do not want to be in the inconsistent and hypocritical position of shouting, like an Ishmael in the wilderness, about a balanced Budget and at the same time not assume my responsibility about getting that Budget balanced. But that is no reason why one has to vote for just any bill that is dragged into this Chamber. I think the inference went out this afternoon, after listening to the gentleman from Kentucky [Mr. VINSON] and the gentleman from Arkansas [Mr. FULLER], that because we had incurred this responsibility we virtually had to vote for the bill. That is not, as the lawyers say, a sequitor. It does not follow that you have to vote for this bill just because you voted for the bonus and the Soil Conservation Acts. Such an intimation begs the question. We need taxes. There is no question about that. Consequently I subscribe to the theory that we ought to levy taxes on the basis of ability to pay. That theory has been so thoroughly written into the tax laws up to this time that I believe every Member of this House subscribes to it. Moreover, I do not believe that corporations as such repel the idea of corporate taxation. The whole question here is not whether we need taxes, because we do, not whether we are going to levy them on the basis of ability to pay, because we are, and I believe in it. The whole question involved in this bill is, Is this bill proper, is this fair, is this the adequate way to go about it so as to conserve the national well-being and still get the money? That is the basis on which I am going to have to vote, and that is the basis upon which I shall vote in the negative.

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

Mr. DIRKSEN. Please let me continue for a little bit. I am not one who comes here and seeks in a categorical way to make a statement that will solve the tax problems, because, compared with some other Members of this House I am by no means an expert on the subject. I am willing to learn. I have to act according to my own lights. I do not believe that it is going to destroy the country. It may or may not bring in big revenues. I am not sure about that, but here is one thing I feel reasonably certain about in my own mind. I think we are reversing a policy that we started a few years ago when we went on the theory in much of our legislation that passed this House of making corporate enterprise healthy, and keeping it healthy for the sake of the stockholders and bondholders. Pick up a bond indenture in a general way, for instance—and I have seen a lot of them in connection with our work on the Sabath committee—and you will find that almost invariably they carry a recital to the effect that a definite ratio must be maintained between assets and liabilities. The whole idea there is safety. When we passed the Banking Act of 1935 we said in substance there could be no dividends until one-tenth of the profits had been allocated to surplus, and until the surplus was equal to the capital, and why did we do that? For the purpose of making banks healthy and keeping them healthy. Now, if we take corporate enterprise, private corporations, for instance, you

will find that over two-thirds of the States prevent any corporation from paying dividends if paying them is going to impair the capital, and if they do, the Attorney General will probably proceed by quo warranto proceedings before they get through. What I am seeking to stress is the fact that we have built up a philosophy of making corporations healthy and keeping them healthy by having a backlog or a reserve. We have given the Security Exchange Commission vast powers to assist in effecting such a condition. We are called upon now to determine whether or not the allowances made in this bill are insufficient, and we have to answer it as individuals. I think there has been some misconception and misapprehension in the sense that we have confused working capital and reserve. At least so it appears to me from the discussion here, and I do not like to put myself in the position of wanting to tell corporate enterprise just how much reserve they ought to accumulate or not accumulate.

In may be that we can articulate a kind of pet hate against some corporation or individual by saying, "We will write into this bill a philosophy of forcing out dividends whether or not, in order to get them into the hands of the stockholders so that they can pay taxes." Perhaps it is a different philosophy. Perhaps the idea is to build up a kind of purchasing power along with developing a substance that can be taxed in the hands of the shareholder. But, after all, the shareholder is not penalized, because if there is a reserve, it is reflected in the value of the stock; and if the shareholder wants to cash in on that reserve, all he has to do is to sell his stock and he gets his proportionate share of the reserve in a kind of appreciated value. But the thing I want to say is that it comes right back to the gospel of thrift. It is a case of starting out to protect the investors, the stockholders, and the bondholders of America by developing thrift, making these corporations healthy, and keeping them healthy, and now we come along and undertake to impair that health. I do not say we will do it, but we might do it, and I dislike to be in the position of lending myself to support of that sort of a bill.

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

Mr. DIRKSEN. I yield.

Mr. VINSON of Kentucky. Is it the understanding of the gentleman from Illinois that under this bill a corporation, for instance, that has a capital deficit or a corporation that is in the class where dividends are prohibited by law, that any dividends that are declared in such a case come under this provision?

Mr. DIRKSEN. I do not know whether they do or not, as a matter of fact.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. DIRKSEN. I will take that up privately with the gentleman afterward.

Mr. VINSON of Kentucky. It is important for the House to know that the distribution of dividends of that character is the distribution of capital, and is not taxable at all. Section 14, I think, reaches the very conclusion which the gentleman desires to reach.

Mr. DIRKSEN. I do not have time to discuss that now. I will take that up with the gentleman privately.

I want to give the other reason why I am opposed to this bill. The biggest problem on the threshold of America today, and to which everybody in this House will subscribe, is the problem of unemployment. We are going to knock down all the good that has been accomplished since 1933 unless we can get people back to work. Who is to put them back to work? We only have two generic employers in this country. One is private industry, and the other is the Government. By "government" I mean county, city, State, or Federal Government. If you are fortunate enough to be elected to Congress or get a job as mail carrier or clerk of the court, you are on the Government side, and if you cannot get a job over there, then you have to go to private enterprise. We have to look to private enterprise to solve the unemployment problem. How are they going to do it? I would rather follow the basic theories expressed recently, that sooner or later we will have to expand production and get prices down, because reduction in prices is the same as an increase in real wages. It will buy that much more and give the American people a chance to buy wanted goods. So it is sixes and sevens whether you boost wages or whether you bring prices down, but the whole theory is that we have to expand production. If you are going to kick these corporations in the face, if you are going to take away the reserves which they think are necessary to expand production, then at one and the same time you are giving them the devil for not expanding and giving employment to the unemployed and on the other hand you are taking away the instrumentality with which to do it. That is the reason why I voted against the 1934 Revenue Act. I never got a satisfactory answer to the questions in my mind at that time, nor have I gotten a single answer today. I see no relationship between this bill and the unemployment problem. It may be said to me, "Well, this is a special fund we are seeking to raise for the Bonus and the Soil Conservation Acts." That is the least important of the whole thing. The important thing about taxes always is the incidence of taxation, the place where they are imposed, the source of the money. If you are going to impair the source, if you are going to hurt the potential job givers, then we are not going to be in a position to solve the greatest and most acute and most dangerous problem that stands on the threshold of the country today, the unemployment problem. I see no relationship whatsoever between the philosophy of this bill and the solution of the problems that I had hoped would eventuate out of a tax measure of this kind. How can one very well discharge what he feels is the responsibility of conviction by voting for a bill of this kind?

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. McCORMACK. Of course, the gentleman recognizes that industry cannot employ unless they are selling their goods. They cannot sell their goods unless there is purchasing power. The gentleman realizes that, I assume?

Mr. DIRKSEN. Yes.

Mr. McCORMACK. Business is not just hiring out of the generosity of their souls. Some businesses claim they have souls, and I think they have, but they are not hiring people just out of generosity.

Mr. DIRKSEN. Does the gentleman mean to infer, for instance, that if through the operation of law we compel them to send out these dividends it is going to make a great deal of difference in the general purchasing power?

Mr. McCORMACK. Oh, yes; yes.

Mr. DIRKSEN. Well, I will say to the gentleman that there are 12,600,000 unemployed who do not happen to be dividend holders who are looking to efficient private enterprise to get a job. Here we come along with an arbitrary policy which seeks to impair confidence; and along with that, not academic at all, we are seeking to make a hole there that is taking away from them the instrumentality by which they are going to live.

Now, Mr. Chairman, there is a gentle and delightful irony in the statement made by the chairman of the Ways and Means Committee early this week that might be considered a magnificent compliment to the perception and grasp of the Members of this body. On Monday of this week, while making a statement relative to consideration of the tax bill, the chairman, as recorded on page 5708 of the RECORD, said:

> So far as I know the committee will be able to take the bill up on Wednesday, but inasmuch as the bill will not be available to Members of the House until Wednesday I think it but fair to the House that we should not take the bill up until Thursday so as to give Members an opportunity to familiarize themselves with the bill and the report.

What could be fairer than that? But when I saw the 249-page bill, made up of 62,000 words so intricately arranged as to baffle an Einstein or a Philadelphia lawyer, I understood the whimsical import of the chairman's statement. In any

event, Members of the House should be deeply grateful to the chairman for the high compliment.

Now let me set out some additional reasons why this bill may be the source of great harm and should therefore be rewritten.

First. In the first place our tax legislation should be so simple as to be understood by the humblest citizen. In no other way can a tax consciousness be developed so as to stimulate interest in national affairs and produce better government. Hardly anyone will contend that the pending bill meets the canons of simplicity. It has been said that it will produce a volume of profitable business for the lawyers. I doubt it. I doubt whether the most astute lawyers will understand it. What it really requires is a fiscal engineer, equipped with a slide rule, a knowledge of integral calculus, higher algebra, the theory of the fourth dimension, and a table of logarithms to understand it. Take for instance the passage on page 15 following the table, which reads:

> If the undistributed net income is a percentage of the adjusted-net income which is less than 10 (and such percentage is not shown in the foregoing table) the tax shall be a percentage of the adjusted-net income equal to one-tenth of the percentage which the undistributed net income is of the adjusted-net income.

The passages on the pages following that are equally abstruse and would do credit to Einstein. The Scripture says that faith is the substance of things not seen, and only through an overwhelming faith in the things which the language of the bill does not disclose could anyone bring himself to approve such a measure. I am afraid my faith is not equal to it. I prefer a little light on the subject.

Second. A good tax bill should not only be easy to understand but also easy to collect, free from uncertainty, should not stimulate litigation, and it's effect on the Nation's business structure should be definitely forecastable. I fancy that the task of collection under this measure will not only be of herculean proportions but costly. It's interpretation will require a whole new body of tax precedents and the litigation which it will inspire should be enormous. It was bad enough under existing tax laws. I am informed that even today there are income-tax cases pending now before the Bureau which are more than 10 years old. Thousands of old cases are still pending before the Board of Tax Appeals and in the Federal courts. It has been estimated that we develop 20 times more tax litigation in this country than they do in Great Britain, and if that be true it is high time that we revise our tax laws, our collection machinery, and regulations so as to minimize the amount of tax litigation and develop a sweeter attitude between the citizen taxpayer and his Government.

Third. Legislation like this imposes enormous expenses upon the taxpayer, and that is quite unfair. The fault lies not with the taxpayer but with the legislation. He, in good faith, after interpreting such an abstruse measure as this determines in full sincerity what he should pay. The tax experts in the Treasury think otherwise. Out of this differnece of opinion springs involved litigation. The taxpayer must engage attorneys, engineers, appraisers, and accountants to defend his position, and that is always costly. I am not reconciled to the view that tax legislation must be so involved and so confusing that the taxpayer cannot understand it without the need of constantly testing his rights before a court. In that respect this bill is a monstrosity. Nor can anyone justify the intricacies of this measure by saying tax bills of the past were also involved.

Fourth. This measure might prove harmful to business just at a time when there are evidences of recovery. I do not make so bold as to say that it will hurt business, but it may. Who will undertake to assure the corporate structure of this country that there will be no recessions, no depressions, no dislocations in the future. What assurances are there that the working capital exemptions are sufficient? Who will assure them that it is quite safe to dissipate their reserves because it "ain't gonna rain no more" after this depression is over? Of course, if we intend to make the R. F. C. a permanent relief institution, if we intend to expand the powers and the authority of the Federal Reserve and make Uncle Sam a kind of permanent Santa Claus, then this measure would be all right. No matter what happened in the future, business could rush to a Federal institution with hat in hand and look for a hand out to tide it over the rough spots. I, for one, am not ready to embrace so paternalistic a philosophy, and meanwhile I am not ready to project business out on the thin ice of uncertainty without proper reserves to meet contingencies. Look at the Interstate Commerce Commission in insisting that sinking funds and amortization features be set up in any railroad financing plans. Instances might be multiplied to show that by legislative enactment we have undertaken to make the corporate structure sound and keep it sound, and now we come along with a tax philosophy that seeks to make them weak and keep them weak. In a measure like this, we virtually set up an incentive for corporations to impair their capital structure, when in difficulties because of inadequate reserves, and I, for one, do not care to be a party to such a complete reversion of policy. It might be pointed out here that the Social Security Act imposes upon business, the need for larger reserves; it is difficult to apprehend just what the effect of this act might be upon business enterprise in that connection. Moreover, working capital is capital in process and cannot be considered as reserves for contingencies.

Sixth. It would appear that the effect of this act might be to restrict business operations and in many instances compel a contraction of business credit. There are countless corporations today in every field of endeavor which do a Nation-wide business on a basis of long-term credit. The aggregate of the credit which they extend is equal in volume to their surplus and in some instances to the capital. If, through the operation of this act, it becomes necessary to dissipate that future surplus accumulation through distribution without an adequate reserve, it is conceivable that such corporations must contract their credit extensions and voluntarily curtail their business operations. This may or may not be the case, but it is quite within the realm of probability. Translated into more practical terms, it might mean not only a curtailment of business but a curtailment of employment as well, and I do not care to lend my vote to such a possibility.

Seventh. From the standpoint of the stockholder it can hardly be contended that nondistribution of dividends operates as a hardship upon him. Accumulation of dividends not only adds to the solidarity of the corporation but is reflected in the appreciated value of the shares held by stockholders. A stockholder can at any time collect his share of the dividends by selling his stock. Nor need it be emphasized that small stockholders everywhere were the real beneficiaries of the prudent reserve policies of corporations which made it possible for many of them to continue paying dividends to such small stockholders in those tragic depressed days when stockholders needed that income.

Eighth. The effect of this measure on corporate financing of the future is to be sure somewhat conjectural and yet it cannot be overlooked. There is every indication that it will increase and heighten speculation in common stocks. The initial distribution to be made plus the distributions of the future warrant this conclusion. It must not be forgotten that as stock speculation is increased, there must necessarily be a transfer of interest from the bond to the stock side of the market in the future. In proportion as future corporate financing is made dependent upon stock rather than upon bond issues, so is speculation progressively increased and it is doubtful whether that would be healthy for the general welfare of the country.

Ninth. This measure appears as a calculated attempt to prevent corporations from repairing depleted reserves. Treasury experts estimate, and it has been stated on this floor, that for the next year four and one-half billions of corporate income will be withheld from stockholders, and that on this huge sum the Federal Government will be deprived of one and three-tenths billions in revenue. The figures are, of course, nothing more than bare estimates,

but even when so considered who shall say but that corporations are merely repairing the losses in reserves that were occasioned by the depression and simply restoring a healthy corporate condition? Apparently such a healthy condition is not desired by the Treasury experts. By compelling indiscriminate distribution they, in effect, say to a corporation that if it experiences losses through fire, flood, or from any other reason, it can go to a bank and borrow funds for the rehabilitation of its business instead of going to its accumulated reserves for that purpose.

Finally, Mr. Chairman, may I say that perhaps it would be unfair to indulge in captious criticism without offering some constructive suggestion as to a substitute? My suggestion is, therefore, this: Why not keep the present corporate taxes in effect and perhaps raise the rates slightly to effect the additional six hundred and twenty millions that are required to meet the bonus and Soil Conservation Act requirements? There is at least a certainty about those revenues now. I understand that the excess-profits tax, the capital-stock tax, and the corporate-income tax now yield in excess of $1,100,000,000. An increase in those rates would produce the necessary revenue and preserve the precedents that have been built up during the last 20 or more years. If then it becomes necessary to enforce the payment of some dividends, that might conceivably be worked out by permitting a draw-back on funds that have been distributed.

To date no justifiable reason has been given for completely destroying our present tax system and the substitution of an entirely new and doubtful tax philosophy.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New Hampshire [Mr. ROGERS].

Mr. ROGERS of New Hampshire. Mr. Chairman, since the committee report became available I have attempted to make a study of this bill. I have given more consideration to it and paid more attention to its provisions because of certain remarks made on this floor by my distinguished colleague from New Hampshire [Mr. TOBEY] on Friday last, which I did not then have an opportunity to answer. His remarks were very brief, but in conclusion he made this statement. I quote:

> The asinine philosophy of the theorists now advising the present administration—unsound philosophies and theories which make thoughtful men and women cry out, "How long, O Lord; how long?"

I am sorry my colleague is not here. I hoped he would be. I had the honor of serving with him in the New Hampshire Legislature, and I knew him as Governor of the State. He is always crying out, "How long, O Lord; how long?" If you will follow his addresses made in this Congress or anywhere else you will see that this is true. For instance, in an address on neutrality delivered over the radio on January 3 of this year and printed in the RECORD; in an address on the 2d day of February on soil erosion and the Department of Agriculture appropriation bill he talked about the Almighty, crucifixion, and honest-to-God soil erosion.

Mr. Chairman, I yield to no man in my respect for the Divine Providence; but I say that we as a nation are ruled by a civil government, and these things about which my colleague talks with a prayer book in one hand and a Bible in the other will continue just as long as it is the will "of the people, by the people, and for the people" under the administration of such an outstanding general as Franklin D. Roosevelt. [Applause.]

Why, I picked up last Saturday's Manchester Union, a paper published in my district, the president of which is a Presidential aspirant, Frank Knox. I find my colleague's statement, to which I have just referred, printed on page 5 in small type, while on the front page of the same paper, Saturday morning's paper, April 25, in large headlines I find this statement in capital letters.

> New high record in national bank deposits reached.

Followed by a subhead line as follows:

> Exceed 1928 figure by 2.10 percent, O'Connor reports.

I now read as follows from this article:

> The total assets of all national banks were $28,293,019,000 on March 4, an increase of $68,318,000 since the previous call, and a gain of $2,333,736,000 in the last year.

In heavy headlines on the first page of the financial section of yesterday's Sunday Star, published in Washington, D. C., I find this statement:

> Store sales tend higher following post-Easter lag. A high plateau of activity was reached last week by business and industry in the United States.

I find in heavy headlines across another column of this same paper the following statement:

> Securities' drop fails to disturb business upturn. Industrial activity greatest since spring of 1930. Earnings mount. Machinery bookings best in 5 years. Corporation profits rise.
>
> In 1935 the net profit of a group of 900 corporations was 47 percent in excess of 1934.

I also read the following quotation from the Star:

> RECOVERY CHEERS MOVIE INDUSTRY—BOTH RENTALS AND BOX-OFFICE RECEIPTS SHOW STEADY UPWARD TREND
>
> NEW YORK, April 25.—A marked increase in motion-picture attendance is the outstanding feature in this industry for the first quarter of 1936, according to a new survey issued by Poor's Publishing Co.
>
> From the low point reached in 1932, motion-picture attendance has risen steadily, with 1935 recording gains better than had been expected. Theater attendance for last year is estimated at 80,000,000 weekly—15 percent above 1934.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of New Hampshire. I yield.

Mr. RANDOLPH. Is it not a fact that the hardest task the opposition newspapers will face in the coming campaign is the finding of sufficient material on which to base carping criticism in their editorials, especially in view of the facts revealed on their financial pages?

Mr. ROGERS of New Hampshire. It certainly is a fact. Editorial opinion, of course, is frequently an expression of partisan political feeling, but their financial writers are giving the facts. These facts, Mr. Chairman, I assert, in conclusion, tend absolutely to show how false were the statements made by my colleague in this House last Friday when he talked about unsound philosophy and theories making thoughtful men and women cry out, "How long, O Lord, how long!" I believe that with the passage of this bill we shall help the people of this country shout with joy, "Thank God for keeping open the road to further happiness and prosperity." [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, as a member of the committee, I find very little occasion to rejoice over the small part I was privileged to play in the drafting of this tax bill. I do not believe even our most able members on the committee were very much pleased with the arduous task of having to write a tax bill. The fact remains, however, they have done a splendid job on their assignment, and I am pleased to go along, cost what it may. When I voted for the bonus, Mr. Chairman, and to override the veto, I realized it would be necessary to provide funds to pay it. In this connection I may say that six of the seven members of the committee who signed the minority report voted for the payment of the bonus and also voted to override the veto. We may have different ideas as to the means and the method with which to pay the obligations of this Government, but we agree and understand that to vote for an expenditure requires, as a matter of consistency, a vote for a tax bill to provide money with which to pay.

The responsibility is primarily that of the majority and certainly the minority could not expect to write this bill. That would be altogether too heroic on the part of the majority membership of this House; and it seems to me that, inasmuch as the great bulk of the membership of the House, without regard to party affiliation, have voted for the bonus payments and have voted for such beneficial payments as are to be made to the farmers, and there was no opposition when the question came up before the House as to meeting the obligations incurred by this Government to the farmers, that it is now time to stop quibbling about details and go along with something that is concededly sound and equitable.

Mr. Chairman, in this instance I am convinced that the bill will do no harm to the big corporations. A majority

member of the committee the other day made reference to a large corporation in Detroit adjoining my district, the Ford Motor Co. Now, I do not think the Ford Motor Co. needs any defense at my hands. Certainly they have never asked for any assistance and have not appealed to this Government for a reduction or preferential status as regards taxes. Even during the high-handed days when Mellon was handing out money right and left in refunds, I do not believe the Ford Motor Co. every asked for or received a single, solitary dime. The Ford Motor Co. will always meet its responsibility. It will pay its taxes and will always willingly pay its share of the expenses incurred by this Government. I do not believe they need any defense here at my hands, nor to be cited by anyone as an example of a corporation which is marked for deliberate destruction.

In the consideration of this bill before the committee we learned that many corporations have for several years withheld the payment of dividends. I remember distinctly one witness who came before the committee testifying that there were something like 60 stockholders in a certain corporation, nearly half of whom were on the pay roll. I believe he admitted that large salaries were paid the officials, together with certain bonuses, perhaps not in the last year or two, but that had been the policy. Reserves were being accumulated. But this corporation did not see fit to pass on this money to the stockholders which rightfully belonged to them. It was the object of the stockholders who were the officials of the company to retain as much of this money as possible in reserves in order to insure their own salaries for the future. In the meantime, the stockholders whose money was being used in the business were ignored and their interest was not considered in the slightest degree. Under the terms of this bill, the stockholder will receive that protection which the board of directors failed to give him previously. This witness admitted that he had just enough stock to qualify as a director of the company and as an official. He admitted he was receiving a large salary—this to the detriment of the other stockholders. This bill has for its purpose the correction of some of these inequalities. It is my contention that when the earnings of corporations are handed to the stockholders, where they rightfully belong, the Government will then get its share, which will be but a fraction of that received by the stockholders, and, incidentally, only those stockholders who are large stockholders will be called upon to pay the normal income tax. The little fellow will get away from that, because he will not be subject to the income-tax laws as at present constituted. When the stockholders receive this money in the form of dividends, it will add to the buying power of hundreds and thousands—in fact, I should say millions—of stockholders, and in this respect it will add to employment, something which my friend from Illinois expressed such deep concern about, and he has been consistent in that regard. We have been together on several issues, although we are divided along partisan lines.

If the philosophy as contained in this bill prevails, it will undoubtedly scatter the money among a greater number of people and will increase the purchasing power—therefore alleviate unemployment. I have seen much in the newspapers as to the conditions which exist in this country. I have read articles by some of the paid propagandists, who look upon general conditions in this country through a perpendicular crack and who thus obtain a sort of a cockeyed slant on economic conditions and on life. I refer to propagandists like Haney and a number of others, who pose as economists and who are constantly writing about something that they either know nothing about or are endeavoring to misrepresent to the public. They appear on the pages of these newspapers supposedly as unbiased economists, portraying their viewpoint as reflecting conditions which they find to be bad and growing worse.

As a general rule when I read a newspaper, especially a partisan paper, I compare the financial page and the news items with the howling, biased editorials, and there I find how gross is the abuse of the public confidence and the utter disregard for the truth. For the past 3 years conditions have been improving—banks bulging with deposits; business on the upgrade—but partisan propagandists either fail to see the improvement or ignore what is evident to all fair-minded citizens.

Yesterday I noticed an article in a local paper regarding freight loadings.

The freight loadings increased in the last 2 years 8.6 percent. This has been an increase of 20,519 cars, or 3.3 percent, compared with the preceding week and an increase of 31,516 cars, or 5.2 percent, compared with a year ago and an increase of 50,952, or 8.6 percent, compared with 2 years ago.

This article refers to the increase in carloadings, which means an increase in the finished products of automobile concerns and various other factories and manufacturing institutions throughout the country.

There is not a single Member of the House who would do anything to retard prosperity. Even the Republican Members could not reasonably stand in the way.

I am confident this bill, if it does anything, will more equitably distribute the responsibility of tax payments. Certainly, we cannot tax the little fellow who struggles for an existence, we cannot tax the unemployed, and, personally, I cannot go along with those of my friends on the left who would offer a substitute of some kind, since I do not know what they have in mind. I cannot find that they are proposing anything definite as a substitute for the majority idea. They are simply against this bill but offer no alternative plan of their own.

I have some notion, perhaps, of what might be in their minds, a uniform, general sales tax; in other words, a tax that will be placed upon the shoulders of the average individual, who is least able to bear it.

Under the terms of this bill, Mr. Chairman, as I have understood it all along, out of the 257,000 corporations, something like 214,000 small corporations will receive a tax cut of up to 50 percent compared with the tax schedules under the present law. Several thousand additional companies or corporations, in all probability, will pay the same or about the same amount of taxes, and the balance of the corporations, best able to pay, will be called upon to make substantially larger tax payments. Certainly, I could not go along even with the majority, if I had the slightest suspicion that this bill was going to destroy the industry in my district, and I have as much in the way of industry to look after as any other man sitting in this Chamber at any time.

I was very much interested in the windfall taxes and anxious to render every possible aid to the companies subject to proposed tax. To some extent I have been successful. I proposed that the recovery under the windfall taxes, instead of being 90 percent, as originally proposed, should be 75 percent. The committee did not see fit to go along.

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, I yield the gentleman from Michigan 2 additional minutes.

Mr. DINGELL. The committee did not meet my demands to reduce the percentage of recovery from 90 percent to 75 percent, but the committee did compromise, and the bill provides for an 80-percent recovery, which squares with what is about the practice of the Treasury Department in similar instances.

I proposed, too, Mr. Chairman, that where a corporation, or I should say a processor, has shown a net loss that the wind-fall tax will not apply. Together with my distinguished friend from Kentucky [Mr. VINSON] we discussed this matter with Mr. Helvering, and he agreed to go along. The idea is now well on its way toward becoming the law.

So I am not at all concerned about the ability of those who are to be reached in this tax bill, because the committee, in this instance, as even in the past under Republican rule, has not attempted to destroy corporations but has tried to place the tax where the burden could be more easily borne.

I propose, Mr. Chairman, to vote for the bill, and I may say to you that while we are not any of us proud about our share in bringing out a tax bill, yet I feel certain that I can

go before my people and say that at least in this instance the tax is equitable and just. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Chairman, in all my years of experience in the House I never remember there having been grown in the legislative garden a perfect specimen of a tax bill. I never recall one that was satisfactory to everybody. In other words, there never has been a good tax bill.

A tax bill ought to be a matter of nonpartisan discussion, but it never has been, and it has not been during the discussion of this bill. Much of the argument has been very far afield in this discussion. Taxation has always been a serious problem. I think we can look back into Bible history where the citizens, even in those days, addressed the Savior in this language: "What shall we render unto Caesar?" This was a problem in taxation, and throughout all the ages of 2,000 years and more they have been asking that same question, and we are asking one another that question today—what shall we render unto Caesar?

Of course, we need the money. My good colleague and good friend from Kentucky [Mr. VINSON] this morning spoke of the Hoover period of depression. I want to remind him that we are now in the fourth year of the Roosevelt depression—the fourth year is just commencing—and the necessity of increased revenue is more evident than ever at this moment.

I cannot speak for all the minority, but let me say for myself that I realize keenly the necessity of revenue, and there might be a tax bill prepared that under such circumstances I would be willing to vote for. I have my own ideas about what we might do in a revision of the rate structure in the present law lowering the figures somewhat on our exemptions and raising the rate on the low and intermediate incomes. However, I believe the people of this great Nation are of the opinion that any form of new taxes should be accompanied by a drastic reduction in wasteful spending, and I agree whole-heartedly with that conclusion.

But, of course, we cannot hope to have a tax bill of that kind in an election year.

There has been a good deal of criticism about the way the bill was prepared. The President's message was submitted to a subcommittee, and that subcommittee worked long hours tirelessly and zealously to prepare—not a bill, but to at least prepare an outline of a bill that would form a reasonably good background on which to hold public hearings and on which the business interests of the country might be heard.

While that was not a perfect method, it was a much better plan than we had in 1935, when the hearings were largely a farce held on some glittering generalities contained in the President's message.

This time the subcommittee gave considerable thought to the subject and study with the aid of Internal Revenue and Treasury officials and various experts from their own staff, who presented a very fair background of the subject matter for the business people of the country to oppose or favor.

Of course, the better way would have been to have had a bill and had hearings on the actual bill, on the document which will govern what business people will pay in the next tax year or longer. I hope it may be longer than 1 year. We are changing the taxing policy year after year, due to so-called emergencies, and I am wondering when the word "emergency" will be stricken from the vocabulary of the present administration.

I think the policy adopted in this bill is basically unsound. Taxing the undistributed net income is indeed a radical departure from existing methods.

The proposition may have some merit. I am not going to set up my opinion against the judgment of all of the tax experts, of which there are many in this country, but it certainly is debatable as to whether there is any merit in this proposition. But there is one question which, to my mind, is not debatable, and that is that such a radical revision of corporate taxation is extremely unwise and unfortunate at this time. When you know that in the last 4 or 5 years thousands and thousands of small corporations have suffered impairment in their capital structure, and now are facing a situation where the penalty or pressure rates will make it difficult to repair that damage.

I know that this bill is better than the outline that came to us in the President's message.

I think the cushion provision advocated by the gentleman from Kentucky [Mr. VINSON] and worked out by him largely has been materially helpful in this bill, without question. In its original form it might have destroyed in a few years many of our corporations. However, there are some conditions of unfairness that still exist, and the rate seems pretty high in many instances. If a concern has $100,000 of adjusted net income this coming year, and has had 2 or 3 years of debt, and they think it is advisable for the sake of their stockholders—not only for that, but for the purpose of securing themselves a fairly good commercial-credit standing with the banks in the community—to plow the whole $100,000 back, they have to pay 42½ percent in order to do it; and the "joker in the deck" is that you just cannot put 100 percent back.

You can put only 57½ percent back, because it takes $42,500 to pay the tax, for the Commissioner of Internal Revenue, Mr. Helvering, is not going to accept buttons, bananas, or beans for the tax. He wants real money. So why talk about corporations keeping an undistributed net of 100 percent? It just cannot be done—57½ percent is the limit. Now let us consider corporations that are in debt. Of course, they get some relief, so-called, when in debt. I understand that under the provisions in this bill they may amortize the debt of $100,000 over a period of years, and if I am wrong the gentleman from Kentucky will correct me. They can amortize that debt over a period of 5, 10, or 15 years.

If it is 5 years, the amount would be $20,000 a year, and they are taxed 22½ percent on the $20,000. Then that is subtracted from the original $100,000, and they start out on a new base of $80,000, and are taxed at the new rates on the balance. Of course, that is a relief from what they intend to do to them in this bill, but it is an addition of 7½ percent over what he has to pay under the present law. That is a good deal like hauling a fellow up to the block and chopping his foot off, handing him a crutch, and telling him that now he can go, that he is as good as new. Let us consider a business concern that has a debt and wants to pay in the manner here provided, or a concern that finds it necessary to plow their entire earnings back.

Here is another concern across the State line, 50 miles away, that makes the same kind of a commodity, in the same line of business, but they are more fortunate financially. They have a surplus, and there is no immediate necessity for their plowing this money back, and they can make a complete distribution if they wish. They will pay no tax, because we repeal the corporation tax and the excess-profits tax and the capital-stock tax. Certainly they have a material advantage as to production costs over the first-named corporation. In a sense, what this bill really does is just this: It develops a new type of regimentation of American business by compelling them to conform to a policy laid down by the Federal Government with pressure rates as a penalty that they would not do if it were left to the discretion and business judgment of the board of directors, the production managers, and the sales manager sitting in a conference discussing their problems.

In a word, Mr. Chairman, it seems to me that it is almost impossible to make a yardstick that will apply to corporations; they differ so in character and differ so in their service. For instance, take a personal-service corporation with $250,000 in capital—we had such an instance—engaged in arranging tours for people all over the world. They have not more than 12 or 15 employees. Their work is done largely by transportation agencies with whom they do business. They supply them with their printed matter and their orders and everything of the sort. Here is another corporation with a $250,000 capital engaged in making a standard commodity for which there is a fairly stable demand throughout the year.

It is a manufacturing corporation. They have depreciation and obsolescence and workmen's compensation; they have tenement-house laws and State corporation tax; they have a multitude of problems that the other corporations are not troubled with at all. I think it is just as impossible to create a yardstick that will apply finally and fairly and equitably to corporations as a whole as it is to prepare a yardstick as is being made by the T. V. A. The only material suitable for such a yardstick would be rubber.

One of the speakers suggested to me what seemed to be evasion, the suggestion of getting the money back in by getting stock rights and paying it in after it has been through the tax mill. Professor Adams said to me once, and I think he coined the expression, that the great difficulty in writing tax bills was in trying to prevent loss of revenue through "legal avoidance" rather than "illegal evasion." I thought it was very well put. Those four words described it very clearly. I noticed that the speaker who mentioned that suggested that that would be in a sense legal avoidance, and some individuals might avail themselves of that opportunity and get the money back without paying the heavy rate that applies in this bill, 29½ and 42½ percent.

Another thing, while we may get the money the first year, although I am not so sure about it, I have been unable to get the figures from the proper source—I am reasonably sure that after this bill has been functioning for a year we are not going to get the money. I may be wrong. I have been wrong before. I was wrong when I made the prediction of returning prosperity in closing the debate for the Hawley-Smoot bill. I saw the sun of prosperity rising in the East, and the clouds of depression being dispelled, but I was no more in error than my opponents across the aisle, who figured that prices would be so high that people could not live and could not buy anything. Of course, just the reverse occurred. Prices fell so rapidly that manufacturers and farmers could not get the cost of production, so my Democratic friends were just as wrong as I was at the time. At least, mine was the happiest conclusion to come to. It had the merit of being optimistic, although I am a little afraid of optimism. A friend of mine said to me one day, "You are always optimistic." I said, "Yes; and you are inclined to be a pessimist when we are discussing matters." "But", he said, "I want to tell you this: I do not want to develop that degree of optimism that may class me as a cheerful idiot." [Laughter.]

Ever since then I have been rather chary about being too optimistic. Now, let us suppose we are stockholders in a corporation and we have $100,000 net, and they decide to keep $50,000. As I understand, that costs them 35 percent.

Mr. VINSON of Kentucky. My recollection is that the rate is 17½ percent if $50,000 is distributed.

Mr. CROWTHER. Yes; but I am talking about the part not distributed.

Mr. VINSON of Kentucky. If you kept $50,000, I think the rate of 35 percent is correct.

Mr. CROWTHER. Now, it costs $35,000 to keep that in the business. That leaves $50,000 to distribute, minus the $35,000 tax, because, again, the tax commissioner is not going to take commodities; he demands real money.

Then when our statement comes in and we see that our $50,000 is depleted by $35,000 for the privilege of keeping half of it in the business, I do not know, but I think you will say with me, "I guess I will not stay in that business. I guess I will sell my stock in that company. I am not going to be in a business that depletes my dividend with a $35,000 tax for keeping half the money in the corporation.

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

Mr. CROWTHER. I yield.

Mr. VINSON of Kentucky. The gentleman will agree that even the 20-percent rate is better than it was at one time when we had a tax upon a tax?

Mr. CROWTHER. We are indebted to the gentleman from Kentucky for the discovery and correction of that very grievous error.

Mr. VINSON of Kentucky. My friend will remember that at one time it was suggested that it was a tax upon a tax, but we have got away from that.

Mr. CROWTHER. I agree; but we still have multiple taxation, which I want to touch on a little later. I want to call attention a little later on to an article that I think will explain that. It is from an authority on finance and monetary affairs. I am astounded that somebody has not said something about it before. But, to return to my penalized stockholders, I think I would say, "I am going to go out and pick up a few tax-exempt securities. I am not going to stay with a company paying that rate for retaining 50 percent of the money with which to do business."

We still have tax exempts. They are being issued at the rate of a billion dollars a year. This administration has recommended against it. The previous administration recommended against it. As a matter of fact, they would be no great subject of revenue. As near as I can determine from a tax report by a man by the name of Hardy, we would probably have difficulty in raising over $75,000,000 in taxes from Federal tax-exempt securities unless we had an extremely high rate. But that is a lot of money and does not deserve to be called just chicken feed in these days. If we had that, in addition to another item that comes pretty near that amount, it would make about $150,000,000.

In considering a new tax bill we should consider the problem of the community property laws in eight States, which permits a husband and wife to make a separate return. A change in this policy has been strongly recommended by the Secretary of the Treasury of both parties; both Mr. Mellon and Mr. Morgenthau have suggested that some adjustment of that inequity should be made. A man and a woman in those eight States, being able to make a separate return, takes from the Government between $60,000,000 and $75,000,000 annually as a result of surtax avoidance. Of course, that is absolutely unfair. I think the gentleman from Massachusetts [Mr. TREADWAY] has a bill pending to change that condition, but we do not expect to have any action on it immediately.

EARLY TAX PROVISIONS

The first income-tax law was passed in 1862 and provided that all incomes below $600 were exempt. It carried a tax of 3 percent on incomes up to $10,000 and a tax of 5 percent on incomes above $10,000. This law was in effect for 10 years, being repealed in 1872.

In 1894 a new law was passed imposing a tax of 2 percent on incomes of over $4,000. This law was declared unconstitutional by the United States Supreme Court.

In 1909 an excise tax was imposed on corporations, computed at the rate of 1 percent "upon the entire net income over and above $5,000 received by it during the year." This tax was declared constitutional on the ground that it was an excise tax—not an income tax.

In 1913 the sixteenth amendment was adopted, giving Congress the power to levy an income tax without apportionment among the several States. A law was promptly passed levying a normal tax of 1 percent and a surtax of 1 to 6 percent. The exemption for a single individual was $3,000 and for a married person $4,000. The surtax began at $20,000. The corporation rate was continued at 1 percent, but the $5,000 exemption was dropped.

I ask permission to extend this short statement in my remarks, and merely state that it is from a paper that is rather friendly to the administration. I shall read only the closing paragraph:

> In the meantime there is a way by which money could be raised, a simple way and a just way. That is a broadening of the base of the present income-tax structure, graduating upward from a very small assessment in the low brackets to a very high assessment in the upper. Such a revision should be sufficiently inclusive to make possible not only the collection of the sum immediately needed but also to make a start on a reduction of those invisible and unjust sales taxes which now constitute 70 percent of our Federal receipts, such a policy to be pursued, as times pick up and tax receipts increase, to a point where all, or at least nearly all, of our revenues are drawn from the visible, ability to pay, as distinct from hidden sources.
>
> About 62 percent of our taxes now are indirect.
>
> Is it too much to hope that such a substitution for the present muddling may be expected, even in an election year?

There is the rub; it is an election year; still, I do not think our people are afraid of taxes. I think the sooner the people of this country become tax-conscious, the better. A number of years ago we reduced the number; we made a change in the exemptions. I think in 1923 or 1924 we took nearly 2,000,000 people from the Federal tax roll—people who paid from $5 to $7.50, $10, or $12. Perhaps it cost a rather high percentage to collect this tax, but they were cognizant of the fact they were supporting the Federal Government; and I do not think you will find a man in this country unwilling to pay $5 or $10 a year in direct taxes.

I want to call to your attention a matter about which nothing has been said. I call attention to the tremendously high percentage rate that obtains between what is paid and what is held under the title of "Undistributed net."

To illustrate, let us take a corporation of $100,000 net income. If it retains $10,000 of that income, it will have to pay $4,000 in taxes. This is 40 percent of the amount retained. If it retains $20,000, its tax will be $9,000. This is $5,000 additional tax in order to retain a second $10,000 of earnings—a 50-percent tax on this second $10,000 retained. Another $10,000 retained will call for an additional tax of $6,000, or 60 percent. If the amount retained is more than 30 percent of the net income, the Government will take $1 in tax for each additional $1 retained.

That is a serious proposition when you study it out.

Such rates of tax are exceedingly heavy penalties for corporations to pay for amounts which they may have to use in their businesses or which they must retain for business needs.

Turning now to the schedule which applies to corporations with net incomes of $10,000 or less. Let us take the corporation with $10,000 of net income. If there is $1,000 of that income which it fails to distribute, it must pay $100 tax. If it retains a second $1,000, it must pay $250 additional tax. For a third $1,000 it must pay a tax of $400. On any further amounts retained beyond the 30-percent bracket it must pay a tax equal to 55 percent of the amount retained.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

Mr. CROWTHER. I wish now for a moment to bring to your attention this article by Dr. Irving Fisher, which very clearly demonstrates that the proposed plan means not only double taxation but multiple taxation:

Last week's discussions of the administration's proposed new corporation tax, to replace the taxes now existing, at the hearings before the Ways and Means Committee of the House of Representatives, became rather heated and attracted attention more for the heat displayed than for any new light thrown on the subject.

Winesses from the Treasury Department claimed that the new tax changes would be, if adopted, "the most important tax reform since the income-tax law." On the other hand, the United States Chamber of Commerce complained that it would "mean more tax complexities and not simplification", would "increase tax litigation", "would present grave administrative difficulties", and that the plan "in its main outlines has been rejected in countries with greater experience in the levying and collection of income taxes"; that "in exhaustive reports of successive British commissions there was rejection of various plans of graduated earnings on corporations" because "the yields would be uncertain and the methods of preventing increased avoidance and evasion ineffective."

The new proposal is to tax corporate "adjusted net income", both the part distributed in dividends and the part undistributed at the same rate, but that rate to be on a sliding scale according to how large the part undistributed is compared to the part distributed.

"If there is no undistributed net income, there shall be no tax." From this zero point the rate rises to 42½ percent "if the undistributed net income is 57½ percent of the adjusted net income" (unless that net income is below $10,000).

In a former article I have presented such arguments in favor of this proposal as seemed to me sound. In this article I will stress the arguments on the other side.

There seem to me two main economic arguments against this radical proposal. One is that it unduly stimulates the distribution of dividends, even when the stockholders would prefer to "plow back" in order to let the company grow as it ought to grow, in their interest as well as for the good of the Nation. This has been sufficiently brought out by others.

The second argument against the proposal seems to be entirely overlooked in the discussion at Washington and in the report of the subcommittee of the House of Representatives Committee on Ways and Means.

This is that so far as there would be any undistributed income, it would not really be taxed at the same rate as the distributed income, but at a much higher rate, despite all opinions and intentions to the contrary.

The reason is that all income undistributed, being "plowed back", is no longer income. It is addition to surplus, which is addition to capital.

Therefore any tax on undistributed profits is a capital levy just as truly as would be a tax on the original capital to which these profits are being added.

Now, any capital levy is double taxation if the income from that capital is also taxed.

During the World War Germany and some other countries levied high taxes on capital as an emergency measure. If a capital of $100,000, yielding, say, 5 percent, or $5,000 a year, is taxed 20 percent, then $20,000, or one-fifth of the capital, is handed over to the Government. The remaining $80,000 will then yield at 5 percent only $4,000 a year instead of $5,000, a loss of $1,000 a year forever. This loss of income is the real burden to the owner of that capital of $100,000.

But a second burden is added if, besides that levy on the parent capital, there is also a 20-percent tax on its offspring, the income from it. A tax of 20 percent on the remaining $4,000 a year would reduce it still further—to $3,200, that is, by $800. This with the first $1,000 makes an annual tax of $1,800 out of the $5,000 originally yielded by the capital. This makes, in all, 36 percent. That is, to tax the parent capital 20 percent and, in addition, to tax the income from it 20 percent is, in effect, the same as taxing the income 36 percent. In fact it is is worse, for an income tax of 36 percent would not continue indefinitely whereas the 20 percent on capital means a loss of 20 percent on the income forever. It is irrevocable.

Now let us see how this applies to the new proposal. A company which adds to its capital $100,000 of "undivided profits", or so-called "undistributed net income" (a misleading name), and pays nearly the highest rate, say 40 percent, is depriving its stockholders thereby of 40 percent of their income from said $100,000 for all time. In other words, it is virtually prepaying a perpetual 40 percent tax to be borne by the stockholders on the income from the $100,000.

That should be enough. But in addition to this virtual 40 percent tax on that income they will, until the tax law is repealed, have to pay another 40 percent tax on what is left. This 40 percent on the 60 percent left is $24,000 (24 percent of the $100,000) so that the total tax will amount to 64 percent!

Nor is this the utmost possible. It would be such if all the future income from the $100,000 (or rather from what is left of it) is distributed. But let us suppose it is not distributed. Then, by repeating the above reasoning, we see that we shall have not simply double taxation but triple taxation. First the capital levy prepaid a perpetual 40 percent tax on the future income from the $100,000. Then what is left of that future income is to be taxed 40 percent. And now we are supposing that this remainder is to be undistributed, that is, is to be doubly taxed itself. And so on indefinitely.

What then will ultimately be left of the $100,000 or its future income? After the first tax of 40 percent the remainder will be 60 percent out of that income. But in view of the future 40 percent tax on that remainder, only 60 percent of that 60 percent will be left, or 36 percent. And if said remainder is undistributed, and so its income in turn is taxed 40 percent, we have left up to that stage only 60 percent of 60 percent of 60 percent, which is 21.6 percent. And so on indefinitely.

The remainder may be whittled away to 1 percent if the tax of 40 percent is unrepealed and if the corporation keeps on indefinitely "plowing back" the income from that $100,000—for the benefit of the Government. In that case the tax becomes virtually a 99-percent tax, consisting of 40 percent paid in advance and the rest in the future.

Moreover, this double, triple, quadruple, quintuple, etc., taxation will absorb the full 99 percent and more, whatever the rate of taxation, if the system lasts long enough. If the lowest rate, 10 percent, be used, we still find that 90 percent of 90 percent of 90 percent, etc., will whittle down to less than 1 percent if we keep on far enough.

In short, a tax on undivided profits, as long as they and their progeny remain undivided, is multiple taxation of the extremest kind possible.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. CROWTHER. I yield.

Mr. SAMUEL B. HILL. On the question of the withholding of undistributed net earnings going to surplus and thereby backing capital, I remind the gentleman that under our present system if dividends are declared out of accumulated earnings they are taxable as income in the hands of stockholders.

So that is not in accord with the principle announced by the authority to which the gentleman referred.

Mr. CROWTHER. I wish the gentleman would read this carefully, because I am quite certain he will agree with the conclusions of Dr. Fisher. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. I yield such time as he may care to use to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, today when the tax bill is under consideration, I intend to discuss a subject that is intimately and inseparably related to taxation, and that is debt and the bureaucracy that fosters and creates debt.

A NOBLE CONCEPT OF GOVERNMENT

Whatever may be said of the economic wisdom of the large expenditures under the New Deal—and I have opposed many of them—no one will deny that the President's heart beats in rhythm with the heartbeats of 127,000,000 people. In his encircling love for humanity he is motivated by the same concept that prompted Jefferson to write into the great Declaration the precious doctrine that "all men are created equal." His political creed is the Jeffersonian philosophy of all-embracing benevolence adapted to this modern age. It is the philosophy of the more abundant life—not more abundant for a few but more abundant for all. It is the philosophy that exalts nobility and unselfishness. It is the philosophy that says:

I do not want anything that everybody else cannot have.

It is the philosophy that regards America as one great family, at whose table is always spread a feast of love and whosoever will may come. It is the philosophy which teaches that we should manifest an interest in people, not for the purpose of exploiting them but for the purpose of assisting them to higher and happier levels of living; that we should love our fellow men for what we can do for them and not, as the exponents of special privilege would have it, for what we can squeeze out of them. It is the philosophy which teaches that the concern of this Nation should be to see that the average citizen prospers; that however hard and drab may be the surroundings of boys and girls in whose breasts a righteous ambition burns, they shall have a chance to grow into the larger life; that their God-given right to reach the full stature of useful manhood and womanhood and to enjoy the fruits of honest toil shall not be barred or abridged by privileged statutes and practices that rob them of their birthright before they have fairly started on life's journey.

It is the philosophy which recognizes the eternal truth that a hickory shirt or calico dress may cover a heart as pure and true as any that beats beneath purple and fine linen; that virtue dwells as often in hovels as in palaces. That was the concept of Jefferson, the incomparable humanitarian who founded the Democratic party, and that is the concept of Franklin D. Roosevelt, who has done more than any other President since Jefferson to erect in America the ideals of a great democratic Commonwealth.

BACK TO ECONOMY AND SIMPLICITY

Having written into the statutes his principles of social justice the President, if I interpret his thought and purpose correctly, is now willing to lead the country back to the ancient moorings of economy and simplicity in government, thus pointing the way to a reduction in tax burdens. In reaching these conclusions I hope and believe that I am not taking too much as granted. I draw these deductions from his move to reorganize the executive agencies and from his very marked efforts to taper off expenditures.

Mr. Chairman, with all of the earnestness I can command I appeal to Members of Congress to stand by the President of the United States in all of his efforts to curb bureaucracy and introduce economy in government and not to thwart him, as has been done in several striking instances recently.

The Government has gone altogether too far into the realm that should be occupied by private business and industry. It must abdicate these premises and return to its normal function if we are to see happy days again in this country. In recognizing that this unhealthy condition must terminate, the President has shown the vision of a statesman. It is the duty of Government to encourage honest industry, but not to compete with it.

The President has lately given some positive evidence that he regards the period of heavy spending as over and as being convinced that the time of retrenchment has come. Will the Congress support him in a reversal of the spending program, or will it insist on a continuance of enormous expenditures over the President's opposition? I hope it will sustain the President and cooperate with him in every move he makes to shear bureaucracy of its malign powers and to reduce the cost of government so as to ease the burden of debt and taxation which now bears so heavily on our people. I profoundly believe not only that the road to recovery runs in that direction but that retrenchment is vitally necessary to save America from financial collapse and chaos, possibly from serious social convulsions or actual revolution.

The President has shown he is alive to the evils of bureaucracy by the steps he has taken to set up a body to make a study of the reorganization of government, with a view to eliminating overlapping of activities and reducing overstuffed personnel. His recent letter to Speaker BYRNS on that subject was a most hopeful indication.

In his relief message to Congress on March 18 the President laid down some very sound and salutary principles when he spoke of the desirability of getting the Government out of employment relief and transferring that responsibility to industry, where it belongs. He spoke wisely and patriotically when he said:

It is the task of industry to make further efforts toward increased output and employment, and I urge industry to accept this responsibility. I present this problem and this opportunity definitely to the managers of private business, and I offer in aid of its solution the cooperation of all the appropriate departments and agencies of the Federal Government.

SOME DISQUIETING MANIFESTATIONS

All of this is laudable in the highest degree and I only hope that Congress will strike hands with the President and help him to carry out this change in program. It is not my purpose to scold my congressional colleagues, whom I love and respect, or to deliver any unwelcome homilies, but this is a matter of unusual importance and as friends of our country we should reason together. There have been some disquieting manifestations recently, which indicate that our lawmaking body may not be keen to apply the economy brakes and that, I think, is deplorable. When the President sought to reduce the cost of the Civilian Conservation Corps in the sum of $68,500,000 and to take 50,000 trainees off of the backs of the hard-pressed taxpayers, a ruction in this House of Representatives forced him to beat a retreat. I believe that the Civilian Conservation Corps is one of the best features of the New Deal and that training in these camps is character building, but I could not see my way clear to antagonize the President in this matter, because I believe a reduction in expenditures all along the line will facilitate national recovery and that a return to normalcy and the opportunities which normal prosperity will bring will be best for the young as well as for all.

Another action in Congress that is strikingly out of gear with the President's efforts for economy and, I think, very ill-advised, is the effort being made at the other end of the Capitol to pass over the Presidential veto the bill appropriating $50,000,000 for seed loans during the year 1936. Although the President in his veto message stated that he has balances on hand ample to meet all the legitimate demands for these loans, the Senate Committee on Agriculture has decided by an overwhelming vote to move to override the Presidential veto and thus make a wholly unnecessary appropriation of $50,000,000 out of a bankrupt Treasury. In times like these, with the people groaning under debt and taxes, what could be more inexcusable? Our tax-ridden citizens are going to agree with the President, who said in his veto message that "a special appropriation by the Congress at this time for this purpose is both inadvisable and unnecessary."

TREASURY-POST OFFICE BILL RUNS AMUCK

Even more distressing as a symptom of congressional indifference toward retrenchment is the action taken by the other body on the Post Office and Treasury Departments' appropriation bill. I happen to be chairman of the subcommittee in charge of that bill in the House. In drafting the bill we members of the subcommittee had constantly before us the vision of a sorely tax-ridden people; of an enormous national

debt beyond the power of the human mind to conceive. In such circumstances we believed that economy is the imperative need of the times and that vast extensions of existing services and large accretions of costly personnel, however such adventures might be justified when conditions are normal, should await the coming of better times. We not only refused these great additional charges on the Treasury but with the most meticulous care we cut out of the appropriations estimated for every dollar that was not absolutely needed to maintain regular operations. We labored week after week, and finally we produced a bill which from the first page to the last reflected the strictest economy.

What happened when the bill reached the other end of the Capitol? The other body restored the excesses, and threw economy to the winds. To have been entirely consistent, the upper branch of Congress should have sent a committee to the bureau chiefs of the two departments to inquire if there was anything more they wanted.

FEDERAL REGISTER NOT THE PRESIDENT'S BABY

It is popular among critics of the spending policies of the administration to point the accusing finger at the President, but as a Member of Congress I am not going to say that our lawmaking body is entirely free from blame for some of the excessive expenditures, and candor compels the admission that a few shafts of criticism may well be aimed at the House of Representatives. The Federal Register, for instance, is not a brain child of the President nor can it claim the excuse of having a wild-eyed professor for its parent. It was born in the House of Representatives of very excellent parentage, and having miraculously and unfortunately escaped asphyxiation in infancy, it has developed into a lusty and overgrown youngster that eats $263,320 of the taxpayers' money every year and cries for more. This remarkable publication is issued 5 days a week and costs more than $1,000 for every day it is issued. The receipts from subscriptions amount to virtually nothing, and the publication, according to my information, is as valueless as a last year's bird's nest, but it has brought a nice little addition to the bureaucratic family in the shape of a new division with a personnel of 15 well-paid employees and a pay roll of $38,320 per annum. This division assembles the copy and the remainder of the cost is for work done at the Government Printing Office.

One of the interesting experiences of my journalistic career was my employment as a writer on a full-fledged Indianapolis newspaper that lasted 3 years and then turned up its toes to the daisies. It was a marvel while it lasted and was known all over the country as a model daily newspaper, but it could not stand the gaff, and the publisher lost $300,000 in his ill-starred enterprise. If the comparatively small and insignificant Federal Register continues in existence 3 years, it will sink not $300,000 but more than three-quarters of a million dollars of the taxpayers' money. So in this instance, at least, the President can say, "Shake not thy gory locks at me." It was the House of Representatives and not the White House that incubated the Federal Register, and, with all due respect to the worthy motives that brought it into existence, it should be abolished at the earliest possible moment.

And it is in the House, too, that a proposal is now being discussed to superimpose on the President's new relief appropriation of $1,500,000,000 the additional sum of $700,000,000 for another Public Works Administration program. I hope that will not be done.

If I had any powers of persuasion, I would beg the proponents of this idea not to pursue their plans further. We have too many half-baked public-works projects already on the way sapping the Federal Treasury and straining to the breaking point the local political divisions that cannot afford to keep up the payments to which they have obligated themselves.

TIME FOR ECONOMY IS NOW

If there ever was a time when the Congress of the United States should stand for a reduction in the cost of government, that time is now. If there ever was a time when the Congress of the United States should make an earnest, determined effort to curb and reduce the enormous, domineering bureaucracy that rides this country like a colossus, that time is now.

If there ever was a time when we should take steps to abolish excessive and useless governmental personnel in order to remove a horde of tax-eating parasites from the backs of the long-suffering people who have to bear the burdens of government, that time is now. My main purpose in arising today is to plead with my colleagues in Congress to give serious thought to the disastrous consequences that are certain to follow unless we put a check on unbridled bureaucracy and stop the drains on the Federal Treasury.

When I think of the bureaucracy that has fastened itself on this country during the last few decades and how its ever spreading tentacles have reached out into the lives of our people, to interfere with private business and domestic concerns and grab the revenues that should be bestowed as rewards for individual initiative and toil, I am reminded of the fabled Briarius, who had 300 hands, and each hand had an itching palm to clutch the fruits of honest industry.

THE WATCHWORD OF OUR STATESMEN

For a hundred years economy was the watchword of our statesmen. For a hundred years "We demand retrenchment in the cost of government" was a full, resounding phrase that was featured and exploited in every political platform of every political party, National, State, and local, as the greatest of all desiderata. Political action lost all of its beneficent essence unless it was associated with economy. The hardy pioneers of America knew how they earned every dollar, and they would not tolerate any outcropping of extravagance on the part of their public servants. John Adams was almost driven out of public life when he paid $40 from the Public Treasury for a mirror, which still adorns the Vice President's room in the United States Capitol. From its place on the wall it looks down on all comers, a silent reminder of the era that antedated the soft and easy life, the era when thrift was the dominant national characteristic and America was yet to become acquainted with the blissful experience of a staggering national debt.

The time was when economy was cherished as a national aim and objective; when those of our Senators and Representatives who proved themselves the most loyal and devoted to "government, economically administered"—a phrase much in vogue and embalmed in every political platform in those days—were considered the most virtuous of our public servants. In the era when the foundations of the Nation were being laid deep and strong by these hardy and far-seeing forbears, economy was a virtue to which every public man stood pledged by the immutable demands of public opinion, and the slightest deviation from which meant death to personal ambition.

PRESTO, A MARVELOUS CHANGE

And then, Mr. Chairman, a change came over the spirit of our dreams. The metamorphosis of thought and conduct that followed will forever remain one of the strangest, as well as one of the most marked, developments of our national existence. If the change that has come over our public men has made them less regardful of the time-honored principles of economy, is it not fair to them and entirely reasonable to believe that it is the reflection of a laxness that had already developed among the masses of the people, a sort of projection of the mass psychology into the legislatures, the Congress, and the ruling places of America?

I for one am not going to hold Members of Congress exclusively responsible for what occurred. An inexplicable change in public opinion seems to have been at the root of the metamorphosis. Members of Congress began to be judged not by the amount of money they could save for the taxpayers by rigid economy but by the amount they could contrive by hook or crook to extract from the Federal Treasury for the benefit of their home districts. The larger the amount of "spoils" the Member could thus obtain the greater his popularity thrived and bloomed in his home bailiwick. Blocs were organized to facilitate these center rushes on the Treasury and Members of Congress who de-

clined to play ball with the blocs were shuffled into the discard. Blocs that were not strong enough individually to accomplish these raids entered into hog combinations with other blocs—and the Treasury be damned. The welfare of the Nation as a whole was lost sight of in this game of grab.

Various blocs and special interests opened headquarters at Washington to secure additional leverage on the Treasury. Commissions and bureaus were created in numberless extent and infinite variety to serve these special interests in their efforts to siphon the Treasury. The cost of Government shot upward like the index at a gas-filling station.

Over in the Library of Congress there is a most interesting volume entitled "List of Federal Commissions, Committees, Boards, and Similar Bodies Created During the Period From September 14, 1901, to March 4, 1929." That book contains 147 closely printed pages devoted entirely to listing the titles of the commissions, and so forth, that had been created up to March 4, 1929. I shudder to think of the number that have been created since that time.

Bureaucracy is not a product of either political party alone but of both. The longest arm in America, the arm capable of the farthest reach in striking down that parasitic and un-American outgrowth of Government, is the arm of President Roosevelt—and more power to his arm. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, there is some compensation in belonging to a political organization that is absolutely independent. I have not been seen about this bill, and no one has talked to me about it, but I have tried to read and understand it. I have gone through the report published in the hearings in connection with this bill, and whatever I have to say on the bill I am wholly responsible for myself.

The purposes for which revenue is asked under the bill are:

First. Five hundred million dollars annually to take care of payments under the new A. A. A. bill.

Second. One hundred and twenty millions annually for the next 9 years to amortize the adjusted-compensation legislation.

Third. Five hundred and seventeen millions spread over the next several years to take care of the actual and anticipated deficit occasioned for the years 1936 and 1937 occasioned by the noncollection and refunding of impounded portions of the processing taxes.

This means, first, six hundred and twenty million of additional annual revenues and five hundred and seventeen millions in temporary revenues to be spread over the next 2 or 3 years.

It was never my plan to institute the A. A. A. program. I never favored the principle of scarcity in a land with starving people. I never favored paying the farmers a dole and abandoning the better principle of giving them parity in price. I never advocated a program that pays millions to large operators and hands merely a few sheckels to the average farmer of the Nation. I never favored a system for farmers that takes away their own independence and destroys self-reliance. But this administration did favor those things which I did not. The new A. A. A. bill has been passed and signed; it is the law. Farmers are carrying on their operations under it; they have been promised benefits; they have so contracted. What shall we do now? Shall we say to them we held out this new hope to you in our legislative act, but we have no money with which to make good our promise unless we issue interest-bearing tax-free bonds? So far as I am concerned, we will make our promise good and provide the money with which to make the payments. That much is my responsibility as a member of Congress. The administration can take the responsibility of passing the new A. A. A. act which I strenuously opposed.

One hundred million dollars annually is needed to amortize the payments of the soldiers' adjusted-compensation certificates. It was not my plan to pay the soldiers in this way. It was my plan to substitute currency in place of the certificates, and if that had been done no damage would have resulted. It would have cost us nothing. The new currency would have been backed by the Government's own outstanding certificates. It would not have been inflation; it would have been replacement of lost circulation, resulting from a period of ruthless deflation. This administration did not believe in these principles; they passed the present act directing that the soldiers should be paid, but the administration did not provide the means by which the payments were to be made. What shall we do now? Shall we fool the soldiers again and say we passed an act to pay you, but we have not the money, except through issuing more tax-free interest-bearing bonds? For one, I refuse to permit this Government to make a promise to the defenders of this country and then fail in carrying out that promise. It is my responsibility now to provide the means by which the soldiers are to be paid; it is the administration's responsibility for not providing a better method of doing the same thing.

Five hundred and seventeen millions will be necessary to take care of the A. A. A. contracts already in existence—contracts which farmers have signed and under which they have performed their part of the contract. Shall this Government escape this liability merely because the act was unconstitutional? These contracts should be liquidated—the Government must keep its word with the farmers. That is my responsibility as a Member of this Congress. The responsibility for passing any such law in the first place rests with this administration.

In searching for more taxes it is the object of this legislation to ferret out and tax that property which under the present income-tax laws escapes taxation; in other words, it is an attempt to put a stop to tax evasions which are known to exist.

This act in general supersedes the present corporation income, capital-stock, and excess-profits tax on corporations. In lieu thereof this act proposes an income tax based upon the proportion of corporate earnings retained by the corporation.

The principles of equity in taxation under this act will be maintained for the following reasons: First, corporations and partnerships will be treated alike; second, a great source of tax evasion will be eliminated; third, to balance the Budget other than for the deficit created for relief purposes; fourth, the most important step which this act takes in equity in taxation is to base the tax on two important considerations—(a) the size of the corporation income; (b) the proportion of the corporation's net earnings that may be retained in its business.

If the earnings are distributed, there will be no tax, for the reason that if they are distributed the stockholder will pay the tax according to graduated surtaxes as now provided. All the Government is trying to do in this regard is to collect the tax, which under the present law it has a right to tax, but which it does not get by reason of tax evasion.

The Government will have the tax evaders "coming and going", whereas today they have them "going", but not "coming."

That the proposed tax will come from those most able to pay taxes can be illustrated by the following:

INCOMES OF $4,000 TO $5,000

Present law for 1936, 317,000 individuals are taxable; under this act, 26,000 additional individuals would be taxable.

Present law, amount taxable, $1,600,000,000; this act, $129,000,000 additional.

INCOMES OF $100,000 TO $150,000

Present taxable income, $253,000,000; this act, $365,000,000 additional; present law, 2,103 are taxable; this act, 2,876 additional are taxable.

These figures prove conclusively that those who are now most able to bear the burden of taxation are escaping it. Those having incomes of $100,000 to $150,000 are evading taxes to the extent of 57 percent in number of persons and

to the extent of 59 percent of their taxable property in their class. Of those in the ordinary class, only 7.8 percent are evading taxes, to the extent of 7½ percent of their taxable property in their class.

INCOMES FROM $300,000 TO $500,000

Present taxable incomes, $140,000,000; this act will add $317,000,000 additional; present law, 375 individuals are taxable; under this act, 786 additional individuals will be taxable.

In this class 67 percent of the individuals are escaping taxation and to the extent of 69 percent of the property of their class.

INCOMES FROM $1,000,000 OR MORE

Present taxable income, $185,000,000; this act will add $607,000,000 additional; present law, 86 individuals are taxable; under this act, 212 additional individuals will be taxed.

In this class 71 percent of the individuals are escaping taxation to the extent of 76 percent of the property in their class.

These tables are based upon the Budget estimates and should be proof enough of where the proposed tax is to come from. It is coming from those abundantly able to pay the tax and from those who also have been abundantly able to escape taxation.

I can see no political issue in this measure. Those who have been in the custom of evading taxes so long that it has become a habit are hard to wean. Whenever the people have ever made any attempt to require them to do equity their only weapon of defense has been to shout, "This proceeding will destroy business." We have heard that before, but this time, I hope, this call for the want of a reason will not disturb this Congress in proceeding to do justice to the American taxpayers.

The present law discriminates against stockholders with small incomes because of the flat tax. Under the new plan, should the earnings be distributed and the total income of the individual fall under the lower brackets, he would pay the normal tax of 4 percent or no tax at all, according to the size of his income.

The tax will come from the upper income groups. It has been estimated that if the 1936 earnings of corporations were distributed the taxable income of individuals would be increased by $4,000,000,000.

Seventy-one percent would be received by individuals whose net income would be more than $25,000 annually.

Forty-five percent would be received by individuals whose net income would be more than $100,000 annually both classes being individuals who are subject to higher surtax rates.

This act adds no new taxes; all it does is to attempt to get that which the Government is already entitled to.

Corporations will in the future, as in the past, be allowed deductions for depreciation, depletion, obsolescence, bad debts.

This law is not changed, and no one can say that corporations are not fairly treated in regard to these deductions. For the years 1930–33 these deductions amounted to barely less than 50 percent of the total net income.

The act provides for one schedule for corporations whose net incomes are less than $10,000 and another schedule for corporations whose net income is more than $10,000. Under this act a small corporation could retain 30 percent of its earnings in surplus and be actually taxed less than it is now.

On this 30 percent retained the corporation would pay 7½ percent, 13 percent if it retained 40 percent. Under the present law the corporation would pay more than 13 percent in the following taxes: First, corporation income; second, capital-stock tax; third, excess-profit taxes.

Also bear in mind that of all the corporations proposed to be taxed under this act, more than 80 percent of them have net incomes of $10,000 or less.

There is no attempt in this act to treat large corporations unfairly as all could carry 30 percent of their earnings as surplus, without paying as much tax as they do under the present law. It is only in cases where large corporations carry more than 30 percent that this act will step in.

There can be no merit in the contention that the act will not yield substantial revenue, because if not distributed the corporation will pay it; and if distributed to avoid the tax, the individual stockholder in the higher bracket will pay it in surtaxes, which he is not doing now.

Assuming that no new currency will be issued to pay the adjusted-compensation certificates, that the new A. A. A. is to be continued, and that parity of prices to the farmer is to be abandoned, and assuming that there is no other way to take from those who acquired the process taxes as a gift, the money that actually belongs to the producer and the consumer, I will now unhesitatingly support this bill.

I will support it for another reason independently of all the considerations I have mentioned. I will support it because it is an attempt to bring about justice in taxation. It is an attempt to make those pay taxes who are the most able to pay, those who have the most ability to pay; it is an attempt to round up the tax evaders of this country and make them bear their fair share of the expense of government, regardless of whether we need this revenue for any of the purposes mentioned in this debate.

In concluding what I have to say in behalf of this measure, let me say that I have always been an advocate of "justice and equity in taxation." Years ago I hoped the day would come when the principle could be realized. With abrupt suddenness that day seems to be here. There are many reasons for it, but the principal one is that we have stuck to the principle of "special privilege for the few and a denial of equal opportunities to the many" so long that in truth and in fact the Government is bankrupt, the States are bankrupt, municipalities and most individuals are bankrupt. Not a single one of the group could pay its liabilities if demands were made. Those at the top have thus far escaped. They have been the beneficiaries of this "special privilege." They are the only ones who have any liquid money left, and now they must come in and take their places in the ranks of the common taxpayers of the Nation.

I am positive that if the ordinary people of this country had any money left, or property upon which they could raise money, that the ones "at the top" would yet escape. In the long course of time the deed returns to the doer. The unequal distribution of wealth brought about by an unfair division between labor and capital has concentrated the wealth of the Nation in the hands of a relatively few persons. Since they now have it, and since we must have money to carry on the business of Government, that same Government which permitted these few to enrich themselves, we must now turn to these "privileged few" and ask them to support the Government.

No thinking person can imagine that the people of this country will forever be content with letting a few individuals, through some special privilege, accumulate the wealth of the Nation in their hands while the great mass of the people remain destitute. This depression has brought out the truth of this statement.

During this depression, and more recently, we have seen the people of this Nation rally behind three great movements, and it is no exaggeration to say that fully 70,000,000 people have been associated with one or more of these movements. I refer to the share-the-wealth program carried forward by that dynamic leader, Huey P. Long; I refer to the Townsend movement launched by Dr. Francis Townsend, of California; I refer to the National Union for Social Justice under the leadership of the Reverend Father Coughlin, of Detroit, one of the most fearless and best-informed leaders this country has ever seen in action. These movements are the expression of the great mass of the American people, who are dissatisfied with the old order and demand social justice.

While the leaders of these great mass movements may be cataloged by the press of special privilege as demagogues and possessing unsound theories and doctrines of government, yet all must admit that the number of people in this country who believe in them far outnumber the people who do not. Again experience through the years has demonstrated that in the long run the people can be trusted. As a group it takes

them a long time to arrive at some common united action, but when they do they create a public opinion based upon experience of life and not based on the headlines in the privileged press.

Regardless of what we may argue and contend, the philosophies found in these three movements are being realized with dramatic swiftness. We are expressing it in this present bill. In the platform of the National Union for Social Justice we find this statement:

I believe in broadening the base of taxation founded upon the ownership of wealth and the capacity to pay.

In this bill we are sharing the wealth; we are doing social justice, and one of the greatest forward steps this Government can take today in taxation is to demand that in the support of this Government those best able to share the burdens of government shall do so. That is what this bill does—it breaks down the barriers of special privilege and takes from those who are abundantly able to pay that just share of the expense of government which they equitably should pay, but which they have heretofore avoided.

I congratulate the Ways and Means Committee, and especially its able and learned chairman, in bringing before this Congress the most just tax measure since the Civil War. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, had come to no resolution thereon.

JAMES MURPHY MORGAN

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7253) for the relief of James Murphy Morgan, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to James Murphy Morgan, of Miami, Ariz., the sum of $10,000, and to Blanche Copelan, of Claypool, Ariz., the sum of $750. Such sums shall be in full settlement of all claims against the United States for permanent personal injuries, medical expenses, property damage, and loss of wages sustained by the said James Murphy Morgan and Blanche Copelan when they were injured in an automobile collision with a United States owned truck (Civilian Conservation Corps truck) near Claypool, Gila County, Ariz., on November 18, 1934: *Provided*, That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claims. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claims, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

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

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

PROMOTION, ETC., OF COMMISSIONED OFFICERS OF THE MARINE CORPS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4016) to repeal section 16 of the act entitled "An act to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes", approved May 29, 1934, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That so much of section 10 of the act entitled 'An act to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes', approved May 29, 1934 (48 Stat. 811), as provides: 'and officers in the upper four-sevenths of the grades below brigadier general, subject to selection as established by the first section of this act, shall be eligible for consideration by selection boards and for promotion without regard to length of service in grade: *Provided*, That no officer of the Marine Corps shall be ineligible for consideration for promotion by reason of completion of length of commissioned service until he shall have been once considered by a selection board', is hereby amended to read as follows: 'and until January 1, 1938, officers in the upper three-sevenths of the grades below brigadier general, subject to selection as established by the first section of this act, shall be eligible for consideration by selection boards without regard to length of service in grade: *Provided*, That hereafter no officer of the Marine Corps shall be ineligible for consideration by a selection board for promotion by reason of completion of length of commissioned service or because of age without having at least once been considered by a selection board, and any officer of the Marine Corps now on a promotion list shall be eligible for promotion unless removed from said list in accordance with existing law: *Provided further*, That officers of the Marine Corps of the grade of second lieutenant and above, except those appointed or serving as Major General Commandant, as assistant to the Major General Commandant, as the head of a staff department, or whose names appear on an eligible list for appointment as head of a staff department, shall not serve on duty in the Marine Corps Headquarters, Washington, D. C., more than 4 out of any 8 consecutive years unless the President shall determine that the public interests so require.'

"SEC. 2. That section 16 of the said act of May 29, 1934 (48 Stat. 811), be, and the same is hereby, repealed.

"SEC. 3. That officers of the Marine Corps in the grades of lieutenant colonel and major, who prior to June 30, 1935, completed the designated periods of service for their respective grades, shall retain their eligibility for consideration for selection until June 30, 1936, and such officers who on that date are not on a promotion or retention list shall be transferred to the retired list: *Provided*, That a duly constituted selection board appointed as provided by law shall be convened immediately after the approval of this act, which board, in recommending for selection for promotion the number of officers of the grades of lieutenant colonel and major directed by the Secretary of the Navy in accordance with law, shall recommend, from the officers now on the active list in those grades, four officers of the grade of lieutenant colonel and nine officers of the grade of major, who held commissions in those grades, respectively, on May 28, 1934."

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

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. VINSON of Kentucky. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the bill H. R. 12395, by including therein certain excerpts from the hearings, portions of the statute, and other matter.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

COINAGE OF 50-CENT PIECES

Mr. BURNHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 9673, an act to authorize the coinage of 50-cent pieces in connection with the California-Pacific International Exposition to be held in San Diego, Calif., in 1936 and concur in the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 2, line 2, strike out ", bearing date 1936" and insert ": *Provided*, That the coins herein authorized shall all be of the same design, shall bear the date 1936, irrespective of the year in which they are minted or issued, and shall be coined at one of the mints of the United States to be designated by the Director of the Mint; and not less than 5,000 such coins shall be issued at any one time and no such coins shall be issued after the expiration of 1 year after the date of enactment of this act."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

COINAGE OF 50-CENT PIECES IN COMMEMORATION OF THE TWO HUNDRED AND FIFTIETH ANNIVERSARY OF FOUNDING AND SETTLEMENT OF NEW ROCHELLE, N. Y.

Mr. MILLARD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 10489, an act to authorize the coinage of 50-cent pieces in commemoration of the two hundred and fiftieth anniversary of the founding and settlement of the city of New Rochelle, N. Y., with Senate amendments.

The Senate has amended the bill and the gentleman from Missouri [Mr. COCHRAN] offered an amendment which was adopted. I wish to amend it by striking out "1936" and inserting "1938" and striking out "5" and inserting "25."

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That in commemoration of the two hundred and fiftieth anniversary of the founding and settlement of the city of New Rochelle, N. Y., there shall be coined at a mint of the United States to be designated by the Director of the Mint not to exceed 25,000 silver 50-cent pieces of standard size, weight, and composition and of a special appropriate single design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be subject to the expense of making the necessary dies and other preparations for this coinage.

"SEC. 2. The coins herein authorized shall bear the date 1936, irrespective of the year in which they are minted or issued, shall be legal tender in any payment to the amount of their face value, and shall be issued only upon the request of a committee of not less than three persons duly authorized by the mayor of the city of New Rochelle, N. Y., upon payment by it of the par value of such coins, but not less than 5,000 such coins shall be issued to it at any one time and no such coins shall be issued after the expiration of 1 year after the date of enactment of this act. Such coins may be disposed of at par or at a premium by such committee, and the net proceeds shall be used by it in defraying the expenses incidental and appropriate to the commemoration of such event.

"SEC. 3. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, and for the transportation, distribution, and redemption of coins, for the prevention of debasement or counterfeiting, for the security of the coins, or for any other purposes, whether such laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized."

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

There was no objection.

Mr. MILLARD. I ask that the proceedings by which the House agreed to the amendment be vacated.

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

There was no objection.

Mr. MILLARD. Now, Mr. Speaker, I offer the following amendments.

The Clerk read as follows:

Page 1, line 12 of the Senate amendment, strike out "1936" and insert "1938."

Page 2, line 1 of the Senate amendment, strike out the word "five" and insert "twenty-five."

The amendments were agreed to.

KEEPING FAITH WITH THE UNITED STATES

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on Puerto Rico.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. IGLESIAS. Mr. Speaker, Members of the House, under date of April 23 Senator TYDINGS, of Maryland, introduced in the Senate S. 4529, on the question of independence for Puerto Rico.

This bill has created considerable agitation, protests, and controversy in Puerto Rico.

I feel it my duty to call the attention of the House to the effect that the passage of such a bill would have on the life and future of our loyal American citizens of Puerto Rico, and for this reason I desire to address the House.

Senator TYDINGS' "cyclone bill", providing for a referendum in Puerto Rico on the question of independence, will not devastate, nor will it destroy, summarily the lives and homes of the innocent as is the case with natural cyclones, but this "cyclone bill" has stirred up impetuously and profoundly the sentimental, moral, and spiritual fundamentals of the citizens of Puerto Rico that love our American institutions.

This "cyclone bill" represents a tremendous ingratitude and scorn to the majority of all citizens of the United States in the island that for 38 years have been fighting a thousand battles to obtain American liberties, cultivating and maintaining with absolute convictions, the principles and ideals of the democratic institutions of the United States of America.

This "cyclone bill" appears as though conceding certain determined liberties, but in its essence it tries to do away with all existing freedom and rights in Puerto Rico, throwing us into tragedy, fascism, and iniquity, without giving us the right to pass upon our own form of Government and imposing on us the exclusive vote for "independence."

The Tydings "cyclone bill" starts by destroying the sentiments of the people, demoralizing the American institutions in the island that for 38 years educated and guaranteed our public rights and the life of our people and will terminate by devastating the island economically to the satisfaction and delight of some individuals and material interests. It means ruin and desolation.

The argument that there exist groups in Puerto Rico favoring independence is not a reason why it should jeopardize the rights of the majority of the people that have maintained the sane and sincere doctrine of "permanent union of Puerto Rico with the United States."

It is the same as if by the mere fact that there now exist various groups in the Nation with communistic tendencies Senator TYDINGS should introduce a bill to determine by a plebiscite if the United States should constitute itself into a Soviet Republic.

The "cyclone bill" of Senator TYDINGS is unjust, arbitrary, ingrate, and devastating for Puerto Rico.

It is indeed very deplorable and regrettable and an injury that without proper consultation with the majority of citizens of the United States in Puerto Rico, the Governor, the Legislature of Puerto Rico, and other constituted authorities of the island such a measure should have been introduced.

The American Federation of Labor has for many years helped to obtain freedom for the workers of Puerto Rico, the guaranty of public assembly, and the right to organize and better their economic and social conditions within the fold of our American institutions. The workers of the island are very grateful for all of this.

The "cyclone bill" of Senator TYDINGS is a destructive measure and certainly will bring about nothing but despair among the people who love the American democracy. The charges of fraud at the elections has the same weight with us as if because of electoral frauds and killings in some of the sections of continental United States it should be proclaimed that the American form of government does not work out well in the United States.

The people of Puerto Rico as a whole are no more responsible for the assassination of Colonel Riggs than the people of the United States for the assassination of the great Presidents Lincoln, McKinley, or any other great man of the Nation. Nor can it be forgotten the assassination of Mayor Cermak in Florida.

It is unfortunate for the island that since the affairs of Puerto Rico were transferred to the Department of the Interior and Dr. Ernest H. Gruening was made the head of the division in charge of the affairs of Puerto Rico, the island has felt the petty political activities from Washington that have been imposed upon the people of Puerto Rico in utter disregard of our organic act, approved by Congress in 1917, which granted us American citizenship after it had been requested time and again from Congress for many years by all parties and by all the people.

The United States, according to the "cyclone bill", is breaking faith with all those that have worked for American ideals in Puerto Rico and with all Governors that have constantly preached and advocated love to the American institutions.

The beautiful island of Puerto Rico which has made wonderful progress in all directions during the American regime, is one of the first customers of commodities of the mainland, and has had over three thousand millions of dollars of commerce with the United States the last 36 years, two-thirds of which has benefited business of the continent. The money sent for relief and reconstruction is practically a compensation to the people of the island, and of which money two-thirds reverted right back to the mainland again.

I suggest that Senator TYDINGS read the official documents of Governor Beverly and the Secretary of War regarding Puerto Rico, referring to our elections of 1932, where it is affirmed that said elections were legal, clean, and just.

NATIONAL FLOOD CONTROL DEMANDED BY INCREASING HAZARDS AND DESTRUCTION

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an address delivered by me on April 27, 1936, at the Thirty-first Annual Convention of the National Rivers and Harbors Congress.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, under the leave granted me to extend my remarks in the RECORD I include the following address, which I will deliver today in Washington, D. C., at the Thirty-first Annual Convention of the National Rivers and Harbors Congress, to wit:

Through the centuries man has searched the continents for abundant waters. At the same time he has sought protection for life and property from uncontrolled waters. Those enjoying abundant waters are now and have always been subject to the perils of floods.

Nations have lost their civilizations because they have mismanaged their lands. China today is a victim of famine and of recurring disastrous floods largely as a result of land abuse and mismanagement.

In the New World there was a revolt against the economic restraints of the Old World. America had apparently inexhaustible resources. With the march of our civilization our national resources are being destroyed. The American attitude is to develop and to exploit. There has been expansion and development, but the policy of exploitation, unless corrected, will lead to the destruction of the natural resources of the country.

The soil has been robbed of its roots and of its grasses. The crust of the earth has lost much of its topsoil, the sod has been plowed, the timber has been cut, the forests have been cleared, the swamps have been drained, canals have been constructed, and rivers have been straightened. The floods come down on homes, farms, factories, and cities, especially in the great alluvial valley of the Mississippi River, in everincreasing volume.

Floods have been accentuated by the clearing of hills and mountains; the velocity of streams has been increased by the building of ditches and the construction of canals. Floods, sometimes caused by cloudbursts, are usually caused by unprecedented rainfall. Floods have not increased in frequency in recent years; snows and rains have been similar through the ages. There is system and regularity in the processes of Nature; floods may be no more frequent now, but because of the development, especially along the lower reaches of the Mississippi River, the floods are of longer duration and of greater magnitude. The works of man have contributed to the perils of floods.

Hernando De Soto found the Mississippi River in flood when he discovered the father of waters. The historian of his expedition gives the following first authentic account of a Mississippi flood in 1543. I quote from Vega:

"It was a beautiful thing to look upon; a sea where there had been fields, for on each side of the river the water extended over 20 leagues of land and all of this area was navigated by canoes and nothing was seen but the tops of the tallest trees."

There were great floods in the United States before the advent of the white man. There were floods before the land was cultivated or the forests cleared. De Soto, as I have stated, found the Mississippi River in flood in 1543; it was a vast inland sea with an average width of 50 miles and a length of 1,100 miles.

LaSalle found the Mississippi River out of its banks in 1684.

The Mississippi River gage at St. Louis in the great flood of 1844 had a higher reading than any flood since. But little timber had been cut, substantially no deforestation obtained in the upper Mississippi Valley or along the Ohio and Missouri Rivers. The soil was virgin and the forests were primeval.

CONSERVATION

I believe in the conservation of the soil, as well as the conservation of all of our national resources. A vast change has been made by draining the lowlands, the marshes, and the swamps; the timber resources of the country have been largely dissipated, the soil has been robbed, our national heritage has been squandered. Every generation should leave the soil as fertile as it was found.

I favor the policy of conservation, I believe in reforestation. There is no conflict between these measures and plans for flood control; they are worth while; they can stand on their merits. It is not necessary for those who advocate the conservation of national resources to maintain that the policy will result in the control of floods. Those who advocate reforestation and soil conservation as substitutes for flood-control measures deal in generalities; they fail to submit any data to show either the costs or results of soil conservation or reforestation as flood relief and control methods; they overlook the fact that long before the soil was depleted or the forests were wasted there were great floods along all of the rivers and streams in the United States. There is a proper place for the conservation of the soil, for the preservation of the land, and for the protection of our national resources. The land must be properly cultivated and properly managed, a long-range policy to preserve the public domain must be adopted. The policies are related to sound policies of flood control but soil conservation and flood control are by no means synonymous.

HAZARDS

The hazards of floods are more numerous and the destruction is greater than formerly. The population of the United States has increased from 3,000,000 to 125,000,000; the factories and fields of America surpass those of any other nation. Floods are therefore more destructive. Sometimes the loss of life is less but the damages are far greater. The Johnstown flood of 1889 came without warning; 2,209 lives were lost; the damages amounted to $10,000,000. In 1936 there were warnings; weather forecasts were accurate; the telephone, telegraph, and the radio enabled people to escape; moreover, the citizens of Johnstown made the reservoirs more secure and built their homes higher up on the hillside, but business and commerce obtained along the river and in the valley. The damages of the flood in 1936 amounted to $30,000,000, while less than a dozen lives in Johnstown were lost, but the poorer citizens lost more heavily as is always the case.

The Government is not an insurer of its citizens against the hazards of the elements. As has been truly said, we shall always have heat and cold, lightning and tidal wave, earthquake and tornado, flood and drought. It is not a province of the Government to undertake to reimburse its citizens for losses incurred as a result of the acts of God, but the Government is charged with responsibility for the welfare and security of its citizens. The Government is charged with the responsibility of rebuilding public works that are damaged or destroyed. The leading nations in all the ages, as a proper governmental function to promote the general welfare, have provided for public works. The improvement of rivers and harbors is of benefit to the entire Nation. There is the humanitarian responsibility to relieve citizens in distress; there is the obligation to provide for employment. Permanent and beneficial public works always contribute to the progress and advancement of the Nation.

PUBLIC OPINION

Public opinion has been focused upon flood control and flood prevention as national issues by the disastrous floods of recent years, and especially the past 2 years. In 1932, 1933, and 1935, there were excessive floods along the tributaries of the lower Mississippi River, including the St. Francis River in Arkansas and the Yazoo River in Mississippi. In 1935 there were enormous floods in the Finger Lake region in central and southern New York and northern Pennsylvania. These floods were largely the result of cloudbursts. In 1936 there were other disastrous floods in New York, Pennsylvania, and nine other States along the Atlantic seaboard and in New England. The melting of the snow of an unusually hard winter was supplemented by unprecedented rains. From March 18 to March 25, 1936, floods occurred in 11 States; 170 lives were lost and according to conservative estimates, property valued at $350,000,000 was destroyed. The damages were especially great in the Pittsburgh area and in the New England States.

FEDERAL INTEREST

Floods know no State lines; neither floods nor dust storms respect States' rights. Floods are not concerned with the capacity to pay of the citizen drowned, nor are they concerned with the ability to pay of the citizen whose property is destroyed.

Minor or local floods may be handled by local authorities, but general flood problems are beyond the capacity of the local interests to solve. Floods, especially on the larger rivers, are the destructive enemies of both life and property. Flood control along the navigable streams where diverse interests are involved is the proper function of the Federal Government. Many rivers are navigable and traverse two or more States. The Federal interest arises from general improvements, especially in interstate streams. State and local interests are unable to provide works made necessary by improvements in other States.

States and local interests are without the facilities to make thorough the studies and investigations required for flood control works along the larger streams and rivers. Drainage and flood-control works have been constructed at immense cost to the taxpayers of the Nation; investors in all parts of the country have bought bonds that were issued for the construction of the works. In many cases, because of inadequate engineering data and inability of the local interests to provide the necessary investigations, the works are utterly inadequate and losses have accrued to the people of the Nation. Sooner or later the losses from major floods must be absorbed by the Nation. For years it has been apparent that the

public interests would be promoted by surveys and examinations of the rivers of the country.

The States and local interests have constructed levees and canals as flood-control works along many of the tributaries of the Mississippi River; levees have been built to protect farms and cities along the Wabash River in Indiana and Illinois. The Miami Conservancy District, with a system of detention reservoirs, protects Dayton and nine other Ohio communities from a repetition of the disastrous flood of 1913. Levee and drainage works have been constructed along the Illinois River, the Des Moines River, the upper Mississippi River, the Missouri River, the Arkansas, the White, and St. Francis, the Red, and the Yazoo Rivers. Levees and other improvements have been made along the lower Columbia River in Washington and Oregon and the Sacramento River in California.

A large amount of work has been done by the local interests throughout the United States. Approximately a billion dollars have been expended by the local districts; progress has been made in flood control but the problem is yet unsolved.

LESSONS

In 1900, 5,000 lives were lost and property valued at $17,000,000 was destroyed by the hurricane waves of the Gulf of Mexico at Galveston. For 30 years Galveston has been protected by a sea wall.

In 1908 Portsmouth, Ohio, at a cost of $750,000, constructed a concrete wall. While other cities in recent floods along the Ohio River were greatly damaged, Portsmouth was secure.

In Vermont the Winooski Dams justified their existence in the floods of New England in 1936. The valleys below were protected, while unprotected valleys in New England were greatly damaged.

Floods cannot be prevented, but they can be reasonably controlled.

HASTY LEGISLATION

As a result of recent floods, much hasty legislation is being advocated; inadequate and unworthy flood-control projects are being promoted. It is well to keep in mind that great floods are of rare occurrence. There is no need for undue haste in the adoption of flood-control measures; well-considered plans for every project should be perfected. On the other hand, where careful studies, surveys, and investigations have been made, where plans have been perfected, where the danger justifies, and where the benefits are evident, there is no excuse for delay. Adequate legislation in all such cases should be passed.

CONSTITUTIONAL AUTHORITY

Congress has power to improve waterways for navigation and for interstate commerce. The commerce clause is not the only constitutional basis. The necessary and proper clause of the Constitution gives ample authority. There is power to provide for the general welfare and to make "all laws which shall be necessary and proper for carrying into execution the foregoing powers." If the end be legitimate, if it be within the scope of the Constitution, all means that are appropriate and plainly adapted and that are not prohibited are constitutional.

There is a difference between the power to appropriate and the power to regulate and control; moreover, the Constitution is broad enough and flexible enough to give to Congress, within its terms, authority to meet fundamentally changing conditions. The Constitution was made for society; man was not made for the Constitution. Under constitutional government, as under parliamentary governments, public opinion, thoroughly crystalized and considered, is a controlling factor in the interpretation of the Constitution.

But, there is no occasion for further discussion of constitutional authority. Congress has assumed jurisdiction for the control of floods. Congress has declared that flood control along the lower Mississippi River is a national problem and that the problem should be solved at the expense of the Nation.

Works for flood control have been constructed along the Tennessee, the Columbia, the Colorado, the Missouri, the Ohio, and the Monongahela Rivers. Congress has contributed to flood-control works along the Sacramento River, and at Lake Okeechobee, in the State of Florida.

SURVEYS

In response to well-considered public opinion, Congress has made provision for surveys of practically all of the rivers of the United States. The people are entitled to know the value of their natural resources. The investigations cover power, flood control, navigation, and irrigation.

The River and Harbor Act of January 21, 1927, and section 10 of the Flood Control Act of May 15, 1928, made provision for the most extensive waterways studies ever undertaken. These investigations were made in accordance with House Document 308, Sixty-ninth Congress, first session. They are generally referred to as "308 documents."

Some 220 rivers and their tributaries have been investigated; 64 of these streams are covered by both the act of 1927 and the act of 1928. The Federal Government has expended $10,300,000 in studies and reports. Substantially all of the surveys have been reported to Congress. The information contained in the reports is of incalculable value to the country.

The Corps of Engineers have investigated some 1,600 projects; the cost of construction amounts to $8,000,000,000. Economically, some of the projects investigated are not justified, but it is believed that 50 percent of the projects studied can be justified from an economic standpoint inasmuch as the benefits exceed the costs of construction. Some of the projects are justified for the protection of human life and for the social security of the people.

ENGINEERING

The science of flood-control engineering has not kept pace with flood-control problems. The schools and universities of the United States have neglected engineering courses to promote the teaching of flood-control engineering.

There are but few first-class textbooks on the economics of flood control. Flood measures involve social, legal, and economic aspects; they require scientific investigation and careful study; one treatment applies to alluvial rivers and another method obtains on nonalluvial streams. In all plans, damages and benefits should be equated. There are many differences respecting the measure of damages. It is difficult to estimate benefits. Generally, the benefits as determined by the courts offer the best criterion.

Cloudbursts often cause floods. This is especially so on smaller streams and rivers. No serious study has ever been made respecting floods caused by cloudbursts, but no area in the mountain or in the valley is immune from cloudbursts.

It would be economically unsound to build streets in the municipalities or highways in the country to protect against the cloudbursts that occur once in a century. It would be equally impracticable and unsound to construct flood-control works where the benefits do not justify as a result of cloudbursts that may come but once in three or four generations. The science of flood control must be perfected.

All floods are not attributable to the same causes. Some result from heavy snows, some from cloudbursts, but generally the cause of floods is unprecedented rainfall.

Rivers differ. All rivers do not have the same characteristics; they are of two general classes, alluvial and nonalluvial. The nonalluvial river is one that has excavated its channel; the alluvial river builds up its own valley. The nonalluvial river carries in its channel all or the greater portion of its floodwaters; it seldom has a serious flood problem. The alluvial river normally carries only a part of its floodwaters in its channel; it usually has a serious flood problem. The Mississippi River in its natural state in the latitude of Vicksburg has a discharge capacity of approximately 1,000,000 cubic feet per second. This is about one-half the ordinary flood and about one-third of the maximum probable flood. The Sacramento River, at a corresponding point, carries in its natural state about one-tenth of its maximum probable flood.

Because of the lack of scientific flood-control information, there are many opinions respecting floods that are neither sound nor supported by the facts. Engineers often do not have the technical knowledge; there is not sufficient data on topography, floods, or flood damages. Accurate plans for flood prevention in many cases are not available.

The Corps of Engineers of the United States have been studying floods for more than a hundred years; they have had more experience in flood-control prevention than any other engineers in the United States or, for that matter, in the world. The engineering school of the corps is an outstanding institution. It is fortunate for the people of the Nation that the surveys provided by Congress have been made by an impartial agency and by the most competent engineers. Plans are thus available for Congress or for any district or State that desires to initiate or construct flood-control projects.

METHODS

Generally speaking there are four methods of controlling floods. Of the four methods, levees are the surest and most commonly used. They hold the water off of the land and confine it to established channels of discharge.

The second method is to increase the slope or cross section of the natural channel by enlarging the discharge capacity by means of widening, deepening, and straightening the stream.

The third method involves the diversion from the main channel into auxiliary or emergency channels of the flood waters in excess of the carrying capacity of the main channel.

The fourth method proposes to hold back temporarily from the natural channels waters in excess of their natural discharge, in reservoirs along the watershed, with provision for the release of stored waters when and as it may be safe to carry them away in the natural channels.

LEVEES

Levees is the best known method of flood control; it is the only method that can be used alone to solve major flood problems; it is normally the most satisfactory and the least expensive method; other systems are aids to the levee method; it has obtained in all countries and it has been tried in all civilizations; it is especially applicable to alluvial rivers; in fact, it is the primary method of flood control along alluvial rivers.

Four thousand years before the discovery of the Mississippi River by De Soto in 1543, the Pharoahs built levees along the Nile.

In Italy the Poe had been controlled by levees prior to the year A. D. 1300.

Levees were constructed along the Danube, the Rhine, the Rhone, the Volga, and other European rivers before A. D. 1700.

Holland has built dykes to keep back the waves of the sea through the centuries. Long before the white man came to America Holland constructed dikes to reclaim lands and to protect the people from the waters of the ocean.

DREDGING AND CUT-OFFS

Dredging contemplates enlarging the stream capacity. Generally the costs are excessive. Again, channel straightening and channel shortening involve cut-offs across bends. In the lower Mississippi River there are cut-offs; they are still in the experi-

mental stage; they give hope and promise of increasing the discharge capacity and lowering ordinary floods; they are most promising especially in minor floods, but their effect in major floods is still speculative; the results are problematical.

The experiments made indicate that marked benefits will result but generally deepening and shortening alluvial streams will not solve the problem of floods. Nature has a way of restoring the equilibrium of its rivers—filling follows dredging. Cut-offs on alluvial streams or along alluvial rivers have not been demonstrated to be satisfactory methods of flood control.

DIVERSIONS AND FLOODWAYS

Flood control along the lower Mississippi River, as well as along the Sacramento and probably other streams, contemplates the diversion method. This involves the diversion of the excess waters; in alluvial streams the troughs of the basins are lower than the banks of the river.

The question of controlled and uncontrolled diversions becomes important. Generally, diversions may be classified as humanly controlled, automatically controlled, and uncontrolled.

The outstanding example of a controlled diversion is the Bonne Carre spillway. The Government owns the lands in the spillway. There are none to protest against the operation of the spillway, but where the diversions occur over lands that are grazed or cultivated the human element must be considered. Experience has demonstrated that the automatically controlled diversion, in such cases, is by far the most satisfactory. One humanly controlled diversion was constructed along the Sacramento River; two automatic diversions were built. There was always difficulty about the operation of the humanly controlled diversion; those who had property in the path of the floods that would be diverted protested; those who were injured because of the excess waters urged the operation of the floodway.

The humanly controlled diversion contemplates a movable dam or other structure which can be operated to control the flow of the water through or over it. The automatically controlled structure contemplates a permanent spillway or sill that will not be destroyed as a result of the diversion of excess floodwaters.

Uncontrolled diversions are generally synonymous with what are called fuse-plug levees. These levees are of lower elevation than the levee on the opposite side or the levees above or below. Their advantage is that the first cost is inexpensive; the disadvantage is that after being crevassed they are not available before the next flood comes.

The term "fuse-plug levee" is new. As a matter of fact, it has obtained, especially in the lower Mississippi Valley, for years. The levees that were lower than the levees on the other side of the stream were the first to crevasse. Those who criticize the fuse-plug levee in one area of the lower Mississippi River have advocated its inclusion in another area. Much damage could be done by not restoring a crevassed levee in time for the next flood season. Automatically controlled structures, therefore, are the most desirable in important diversions.

RESERVOIRS

Reservoirs provide an ideal method of flood control from a strictly engineering standpoint, but the costs are excessive. The costs of reservoirs on the headwaters of tributaries for flood control in the lower stretches of alluvial rivers are really prohibitive.

Reservoirs are effective for the control of floods especially along the smaller streams and the tributaries of the larger rivers. There are two types of flood reservoirs—storage and detention. In the storage reservoirs all water can be held and released through controlled outlets. Rapid emptying is necessary in storage reservoirs. In detention reservoirs the outlets are permanently opened to provide ordinarily for the normal flow of the stream. This method has been used for the flood-control dams along the Miami River in the Dayton, Ohio, area.

Reservoirs for flood control along the lower Mississippi River have been advocated especially by those who live along the tributaries. While an ideal method of control, the costs are excessive and long delays in construction would result.

Section 10 of the Flood Control Act of 1928 directed the Mississippi River Commission to investigate most thoroughly reservoirs along the tributaries. The purpose was to ascertain if reservoirs could be constructed so as to eliminate provisions for diversions or floodways.

A comprehensive report was submitted and was published as House Document 259, Seventy-fourth Congress, first session. One hundred and fifty-seven reservoirs were investigated; the total capacity was approximately 94,000,000 acre-feet; the estimated cost was $1,126,121,000. The Chief of Engineers, the Board of Engineers for Rivers and Harbors, and the Mississippi River Commission reported that if these reservoirs along the Mississippi River were constructed and in operation, a diversion either through the Boeuf Basin or through the Macon Basin, could be eliminated, but they further reported, as all accomplished engineers agree, that the levee system that now obtains, with the reservoir system, would be imperative and must be maintained to protect the lower Mississippi Valley from maximum floods.

Those promoting reservoirs for local flood control along the tributaries of the Mississippi River make the mistake of asserting that the policy of levees has failed. In their eagerness for local protection they would destroy protection in the lower Mississippi Valley.

Gen. H. B. Ferguson, president of the Mississippi River Commission, in testifying before the Flood Control Committee of the House in May 1935, said that about 12 percent of the storage of the 157 reservoirs at about 14 percent of the estimated costs of the 157 reservoirs had been constructed at Fort Peck, on the Muskingum, the Tigret, and the Tennessee Rivers, but he stated that the combined effect would be to reduce the floods only 50,000 cubic second-feet at the mouth of the Arkansas River, where in a maximum flood there are a million cubic feet that must be diverted. The effect would be to reduce the floods at the mouth of the Arkansas River one-half a foot.

Again, Gen. Edgar Jadwin, Chief of Engineers, estimated that in the flood of 1913 if all of the water flowing by Pittsburgh on the Ohio River, all of the water flowing by St. Paul on the Mississippi River, and all of the water flowing by Sioux City on the Missouri River had been held back by reservoirs, the flood waters south of Cairo would have been reduced by only 2 percent.

The reservoirs on the Miami River in Ohio contribute to reducing the Cairo gage one-fifth of an inch.

Arthur E. Morgan, chairman of the Tennessee Valley Authority, made the following statement in connection with the great Mississippi flood of 1927:

"The excessive rains which cause any single flood seldom extend over more than 20 percent of the whole drainage area of the Mississippi River. * * * Flood control of the lower Mississippi by means of reservoirs on the headwaters of the streams is a delusion."

The Chief of Engineers has repeatedly testified in hearings on flood control that the control of the floods in the lower Mississippi Valley cannot be accomplished by reservoirs on the tributaries of the Mississippi River. The cost of construction is prohibitive and the time required would unduly and dangerously delay protection, but if constructed the diversions are necessary insurance while the reservoirs are being built.

Reservoirs constructed primarily for flood control cannot be used for the development of power or for reclamation. It takes an empty reservoir to provide for flood prevention, while it takes a full reservoir to generate power.

Again, reservoirs constructed for flood-control purposes to benefit the lower Mississippi River cannot benefit the local areas as fully and as completely as reservoirs constructed primarily with the view to protecting the local area along the headwaters of the tributaries. The most effective reservoirs for flood control along the lower Mississippi River are those that are located closest to the alluvial valley, as in the Yazoo Basin.

But there is a place for reservoirs; they are beneficial for flood control along the tributaries. There are areas that can be protected by the use of dams. This is especially true where the benefits will exceed the costs of construction.

The best way to promote reservoirs along the tributaries is to concede that they supplement but cannot substitute for levees or diversions along the lower Mississippi River.

MISSISSIPPI RIVER

The Mississippi River is the great drainage canal of the Nation. The alluvial valley extends from Cape Girardeau, Mo., to the head of the passes where the river flows into the Gulf of Mexico. The distance by river is 1,100 miles, but as the crow flies the distance is 600 miles. The valley ranges from a width of 20 miles in the vicinity of Natchez to a width of 80 miles in the vicinity of Greenville, the average width being 50 miles. Twenty million acres, before the building of levees, were subject to overflow. The major floods come on an average of once in 15 years. Ordinary or minor floods occur from 5 to 10 years. The area includes the St. Francis Basin, the Yazoo Basin, the Tensas Basin, composed of the Boeuf and Macon Valleys, the Atchafalaya Basin, and the LaFourche Basin, as well as the alluvial lands adjacent to the Mississippi River on the east bank around Lake Ponchartrain.

The territory drained by the Mississippi River and its tributaries consists of all or parts of 31 States, is equivalent to 41 percent of the area of the United States, and has a total area of 793,600,000 acres. The problem of flood control in the lower Mississippi Valley involves confining the waters between levees 4 miles apart from Cairo to the Gulf that formerly covered a channel 50 miles wide.

Bienville chose the site for New Orleans because it was about high water at the time he found it. The first levee built at New Orleans was in 1717. Ten years later it was the boast of the Governor that the levee was a mile long and 18 feet wide. The country was being settled; lands were being cleared. By 1812 the landowners had leveed the river on both banks for 340 miles above and below New Orleans.

By 1927, the entire levee line from Cape Girardeau to the Gulf had been substantially completed to the 1914 grade. The total amounts contributed by the Federal Government for building the levees, as compared with the local contributions, were small. All of the natural outlets were closed except the outlet through the Atchafalaya River.

The history of the improvement of the Mississippi River, the largest and longest, navigable river in the world, is interesting. The improvements were begun and continued until 1927, primarily in aid of navigation. Flood control came in at the back door. It is worthy of note in passing that more tonnage is carried along the Mississippi River today than in the halcyon steamboat days before the coming of railways.

Congress in 1820 appropriated $5,000 to investigate the Ohio and Mississippi Rivers. S. Bernard and Joseph G. Tutten, Army engineers, made the surveys and submitted the report in 1822. It was in 1850, upon the election of Gen. Zachary Taylor as President, that Congress appropriated $50,000 for starting the surveys made by the Army engineers, Humphreys and Abbott. General Taylor had been a cotton planter in Louisiana; he had lived on the banks of

the Mississippi River. The report of these engineers made in 1861 remains as the most authoritative report ever published on the Mississippi River, or on any other river.

During the War between the States improvements along the Mississippi River were interrupted. Following the war the States and local interests were unable to rebuild. The levees built by the local interests were destroyed during the war by the armies of the contending forces for military purposes. The great floods continued to appear.

From the first Federal aid for improvements along the Mississippi River was primarily for channel stabilization to promote navigation; however, leading statesmen advocated flood control—Henry Clay, John C. Calhoun, Thomas H. Benton, Abraham Lincoln, and James A. Garfield were among the American statesmen who advocated the improvement of the Mississippi River for commerce and for flood control.

The Mississippi River Commission was organized in 1879. In 1881 Congress appropriated $1,000,000 for improvements on the Mississippi River, primarily for navigation.

An appropriation of $4,000,000 in 1882 was vetoed by the President. Subsequent appropriations were increased, and by 1912, $6,000,000 was being appropriated annually.

The Flood Control Act of 1917 authorized the first definite appropriation for flood control. The Government contributed one-half the costs of building levees where the local interests had been unable to build them. The work was interrupted and impeded by the World War. A subsequent flood-control act was passed in 1923 with an authorization of $60,000,000. It was intended to supplement and reenforce the Flood Control Act of 1917 interrupted, as I have stated, by the World War.

The policy of levees only prevailed. The Cypress Creek outlet in the vicinity of Arkansas City, at the head of the Boeuf Basin, was the last natural outlet to be closed. A monumental mistake was made. This outlet was closed in 1921. The great flood of 1927 demonstrated that levees only would not solve the problem. Two hundred and forty-six people lost their lives; 700,000 people were driven from their homes; the lower Mississippi Valley was flooded from April until August; no crops in many areas were made; property was damaged and destroyed, according to the report of the Chief of Engineers, in value from $200,000,000 to $400,000,000. The American people voluntarily contributed, through the American Red Cross for rescue and relief work, $18,000,000.

Congress, in response to public sentiment, put its hand to the plow. The people of the lower valley had done their best; they had spent $292,000,000, according to the report of the Chief of Engineers, in an effort to protect their lives and their property. It was apparent to the country that they were unable to protect themselves from the waters that came from points as far east as Pittsburgh and as far west as Idaho and from the waters of all the territory between the Alleghenies and the Rockies.

The local interests had incurred large indebtedness in building the levees to the 1914 grade. There were millions of dollars in outstanding bonds; recurring floods had resulted in bankruptcy to some of the local levee boards. The Flood Control Act of 1928 was passed; $325,000,000 were authorized. The project provided for diversions, spillways, and floodways to supplement levees. The Flood Control Act in express terms declared, and I quote from the act:

"No local contribution to the project herein adopted is required."

Nevertheless, in spite of their large outstanding bonded indebtedness, the people of the Lower Mississippi Valley were required to furnish the rights-of-way and to maintain the works. Because of the improvement of the country the costs to the people of the Lower Mississippi Valley since the Flood Control Act of 1928 have been substantially what they were prior thereto.

The Flood Control Act provided for an uncontrolled or fuse-plug levee in the vicinity of Cypress Creek. The outlet in that region, as I have stated, had been closed in 1921. Highways had been constructed; lands had been cleared; cities had been established. It was the intent of the act to compensate those who had relied upon the protection of the Government when the outlet was closed in 1921. The property owners have never been compensated. The uncontrolled diversion has always been a source of dissatisfaction and irritation.

No responsible person believed that $325,000,000 would complete the project when the act of 1928 was passed. The Committee on Commerce of the Senate on March 24, 1928, in reporting the bill, made the following observation:

"This work is of such magnitude that the sum of $325,000,000 must be considered as simply an estimate. The actual cost of the work will doubtless be much more. If, as the work nears completion, an additional sum is found to be necessary, there can be no doubt but that Congress will authorize its appropriation.

Maj. Gen. Edward M. Markham, Chief of Engineers, at the hearings before the Commerce Committee of the Senate in January 1936, stated that the costs of protecting the alluvial valley, as recommended by the Mississippi River Commission in 1928, was approximately $775,000,000. He further stated that no one had any expectation that $325,000,000 would effect complete flood control in the lower Mississippi Valley. Moreover, in all of the appropriations made by Congress since the Mississippi River Commission was established in 1879, provision has been made for navigation. It has played a most important part; $100,000,000 of the $325,000,000 authorized in the act of 1928 were for the improvement of the Mississippi River for navigation.

YAZOO AND ST. FRANCIS RIVERS

The Yazoo River in Mississippi and the St. Francis River in Arkansas are located in the alluvial valley. The residents are being taxed for flood protection along the lower Mississippi River. There are 4,250,000 acres of land in the Yazoo Basin. There are two flood problems—one from the overflows of the Mississippi River and the other from the overflow of the Yazoo River system. The Yazoo River takes its source near the Tennessee State line and flows southerly along the foothills of the Yazoo Basin and empties into the Mississippi River at Vicksburg. While the Flood Control Act of 1928 declared that flood control in the lower Mississippi Valley was a national question and that the local interests should not be required to make contribution, the fact remains, as I have stated, that at the time of the adoption of the act the local interests were required to maintain the works after completion and to provide for rights-of-way.

There were millions of dollars in bonds outstanding. The people in the Yazoo Basin, including the Yazoo River system, are now and have been for 75 years contributing to flood-control works along the Mississippi River. In addition, they have expended, as shown by the report of the Chief of Engineers, $20,000,000 for local protection; they have taxed themselves to the limit; they have paid for protection which they have not received. The cases of these rivers are different from any other stream. No other streams, except those now protected in the alluvial valley, are paying for flood works along the lower Mississippi River. Flood-control projects, therefore, along the Yazoo and St. Francis Rivers are included in the pending Overton bill. I repeat that their cases are different from any other rivers that are tributary to the Mississippi River. No other similar taxpayers are now and have been contributing to flood-control works along the Mississippi River. The valleys of these two tributaries are the largest, most productive, and highly improved along the Mississippi River.

OVERTON BILL

On February 12, 1935, after further examination and after thorough study, the Chief of Engineers recommended an expansion and enlargement of the Flood Control Act to provide for the substitution of a controlled diversion, with compensation for flowage rights, at Eudora as a substitute for the Boeuf fuse-plug diversion. Provisions for compensation and for diversion in the Atchafalaya Basin were contained in the recommendation. Flood-control works along the St. Francis and Yazoo Rivers affected by the backwaters of the Mississippi River and located wholly within the alluvial valley were contained in the recommendation.

The Overton bill was considered by the Senate for 3 months. It contains an authorization of $272,000,000. It provides for compensation for flowage rights in the Eudora diversion and in the Atchafalaya Basin. It recognizes and emphasizes that the Flood Control Act of 1928 is sound; that all of the appropriations that have been made for flood protective works by Congress for the past 50 years were wise. The levees only system did not wholly fail; it was inadequate. They were not large enough. It has been supplemented by diversions. All of the money appropriated under the act of 1928 will be utilized; every foot of levee constructed will be continued. There is no change in the fundamental features of the adopted project. The recommendations of the Chief of Engineers are for the expansion and for the enlargement of the project. While it involves an authorization of $272,000,000, $72,000,000 is for channel stabilization and in aid of navigation. The Treasury of the United States is protected. Much has been said about the costs of lands and damages to utilities and railroads. The taxpayers of the Nation are protected. Their rights are safeguarded. The bill provides that the diversions will not be made until and unless flowage rights and property can be acquired at a valuation not to exceed $22,500,000. The amounts authorized will be spent for levees and other protective works. Revetments will be constructed in aid of navigation; stabilization and channelization to promote navigation will obtain.

The Senate has passed the bill. It is now pending in the House. It is sound; it is recommended by the Chief of Engineers; it has been 9 years since a major flood occurred in the lower Mississippi Valley. Delay is dangerous; we are approaching another flood.

There is universal sentiment that the Federal Government should bear the costs of an adequate flood-control system in the lower Mississippi Valley. Congress has so declared in the Flood Control Act of 1928. The pending bill is merely a supplemental authorization to carry out the provisions of the original act and to give effect to the intent of Congress.

Delay is dangerous. The Mississippi River has been studied more carefully than any other river in the world. The solution of the flood-control problem is known. Only the execution of the project remains.

Those who advocate flood-control works in other parts of the country can best promote their adoption by conceding that the problem of flood control in the lower Mississippi Valley should be treated as separate and distinct from any other flood-control problem in the country. The Chief of Engineers so recommends. He speaks for the country; he is impartial. Cooperation and not criticism or selfish opposition will promote flood control not only in the lower Mississippi Valley but throughout the country.

OMNIBUS BILL

In 1935 Congress passed and there is now pending in the Senate a flood-control bill for flood-control works along many of the principal rivers of the United States. The bill, as introduced in the House, contemplated only such projects as the Chief of Engineers approved; it was intended that only those projects where

the benefits exceed the costs would be embraced in the measure. It was passed by the House at a time of widespread unemployment. There were adequate safeguards; the local interests were required to cooperate. The bill provides generally that the works will not be done until and unless the States or other responsible local interests furnish rights-of-way, agree to save the Government free from all damages, and maintain the works after their completion.

The best way to promote flood control is to insist that all unworthy projects be eliminated. A sound program must obtain.

The Senate committee is giving careful consideration to the bill, and earnest efforts are being made to pass an omnibus flood-control measure that will have the approval of the Chief of Engineers of the United States. The bill, as amended by the Senate, containing a policy has been ordered reported to the Senate.

PLANNING

During the past 3 years agencies have been established to study flood-control problems. Too many agencies, however, result in inefficiency. There is a further danger that we are likely to become top-heavy with commissions. The danger with planning is that too much of it is theory. Excellent work was done by the Mississippi Valley Committee of the Public Works Administration and by the National Resources Board; however, their recommendations respecting flood control have followed generally the recommendations of the Corps of Engineers of the United States Army in the surveys to which I have referred. It is a tribute to the Chief of Engineers and to the Corps of Engineers that all boards and all plans have followed the leadership of the Corps of Engineers in the formulation of plans for flood control.

The careful surveys provided by Congress have been made. The leading rivers of the United States have been studied. It is now suggested that instead of passing an adequate flood-control measure, another commission be appointed and that further studies be made, and that additional plans be formulated, before the omnibus bill is passed.

Those who advocate such a cause stand primarily for reforestation and the prevention of soil erosion. Further plans for such purposes may be necessary, but I submit that such plans, so far as flood control is concerned, are not in order and mean nothing more or less than delay. The time for action has arrived. There will be no haste. Studies have been made; engineering plans that are sound have been prepared. Congress has the opportunity to adopt a sound program.

NATIONAL POLICY

I am sympathetic with flood control along all rivers and in all States. There must be no "pork barrel." Projects must be sound. I represent a district, and I represent in part a State where there are many rivers with perplexing flood-control problems. I do not ask that these rivers be given the same treatment as that accorded by the Federal Government to the lower Mississippi Valley. I ask that all rivers and all projects be treated on their merits. I believe that such a policy will promote national flood control.

Excessive floods are a menace to the national welfare. The social security of the people is threatened. Congress should adopt a policy that is national; Congress should declare that destructive floods constitute a national problem, that flood control in proper cases is a proper function of the Federal Government. Legislation should provide that the Federal Government will improve or participate in the improvement of streams for flood-control purposes if the benefits to whomsoever they accrue are in excess of the estimated costs and if the lives and social security of the people are otherwise materially and adversely affected.

Congress should further declare that there is a Federal interest in flood-control improvements, whether they are by levees or reservoirs, that may be impracticable of initiation or execution because of complications between the States, their political subdivisions, or local organizations.

It may be difficult to fix a definite Federal yardstick for contribution. The provision should be flexible; the benefits should control; the works should be distributed among all sections of the country. The requirement of local contribution will serve to eliminate projects that are unsound and the further requirement that the benefits must exceed or equal the costs will protect the Treasury of the United States.

It is imperative that the Flood Control Committee speedily consider and promptly report and that the House pass the Overton bill. It is equally imperative for the Senate to eliminate all inadequate and unworthy projects from the omnibus bill and to report and pass a bill that provides for adequate flood-control projects whenever and wherever needed.

The President insists that prior consideration be given to emergency flood-control measures. It is admitted by all that the problem of the lower Mississippi River is an emergency one. The best way to promote a national policy of flood control is for the friends of flood control to unite to secure the prompt passage of the Overton bill and the immediate passage of the omnibus flood-control bill.

I know of no public expenditures that gives to the people of the United States as large a return as the improvement of our waterways for flood control and navigation.

Many years ago river and harbor projects were regarded as notorious examples of congressional logrolling, but Congress has cleaned house; all river and harbor projects are now considered on a merit basis.

I advocate a policy of national flood control. The plan should embrace the Mississippi River; it should embrace its tributaries; it should provide for flood control whenever and wherever the Federal interests require it.

In all plans the taxpayers must be protected. What agency will better represent both the public and the Government in all plans for national flood control than the Corps of Engineers? They have studied and examined practically all of our rivers; millions of dollars have been spent in making examinations. The Corps of Engineers are familiar with the problems of all of our rivers; they are among the ablest engineers in the United States; they are impartial; there has been no taint or hint of fraud in the works under their control and supervision. There must be an executive who has the final say. The Chief of Engineers should be in charge of the program.

In the interest of efficiency and for the public good, I believe that the formulation and execution of policies for national flood control should be under the supervision of the Chief of Engineers, with the power and authority in him to utilize, in connection with the Corps of Engineers, the best engineering talent among the civilian engineers of the country. There is a place in the picture for all capable engineers.

New times and new conditions demand new measures. I am interested in little waters, but I am emphasizing big waters. The digging of a few ditches, the building of a few dams will not suffice. The planting of grass and trees and soil-conserving crops is not enough. There is a place for the policy of soil conservation, but there is also a definite place in the program for flood control. There must be levees, diversions, and reservoirs. The two policies should supplement each other. There is no conflict but each has its own sphere. The increasing hazards to our advancing civilization demand protection from the floods that can be economically prevented.

The responsibility upon Congress can only be discharged by the prompt passage of measures that will provide for the initiation and execution of a sound policy of national flood control.

VIRGINIA ENGINEERING CO., INC.

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 396) for the relief of the Virginia Engineering Co., Inc., with Senate amendments thereto, and concur in the amendments.

The SPEAKER. The gentleman from Maryland asks unanimous consent to take from the Speaker's table the bill H. R. 396, with Senate amendments thereto, and concur in the Senate amendment. The Clerk will report the title of the bill and the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, after "costs", insert "if any."

Page 1, line 7, after "requests", insert ", if any shall be found to have been made and complied with."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider the vote by which the Senate amendment were concurred in was laid on the table.

EXTENSION OF REMARKS

Mr. ROGERS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my remarks made this afternoon on the revenue bill by inserting therein two other additional paragraphs from the articles from which I quoted from the Washington Post.

The SPEAKER. Is there objection?

There was no objection.

IZELDA BOISONEAU

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill—H. R. 7468—for the relief of Izelda Boisoneau, with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read as follows:

Page 1, line 5, strike out "$5,000" and insert "$4,000."

The SPEAKER. Is there objection?

Mr. BOILEAU. Mr. Speaker, I reserve the right to object. I understood the gentleman from Wisconsin, my colleague Mr. GEHRMANN had some discussion with the gentleman from Maryland, in which there was to be an effort made to retain the original amount of the House bill.

Mr. KENNEDY of Maryland. That is correct; but I find on examination this bill is not the kind of a bill we previously passed as to Federal employees, but grows out of an accident caused by a Federal employee to a citizen.

Mr. BOILEAU. I withdraw my objection.

The SPEAKER. The question is on agreeing to the Senate amendment.

The Senate amendment was concurred in, and a motion to reconsider the vote by which it was concurred in was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CROWE, for today, on account of important business.

To Mr. ECKERT, for 2 days, on account of important business.

To Mr. FIESINGER, for 12 days, on account of official business.

To Mr. FORD of California (at the request of Mr. COLDEN), for 3 days, on account of official business.

To Mr. KLOEB, for 10 days, on account of important business.

CALENDAR WEDNESDAY BUSINESS

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 399. An act for the relief of A. F. Amory;

H. R. 1265. An act for the relief of N. N. Self;

H. R. 1363. An act for the relief of Petra M. Benavides;

H. R. 1440. An act for the relief of Arthur W. Bradshaw;

H. R. 1915. An act for the relief of Henry O. Goddard;

H. R. 1963. An act for the relief of Edgar H. Taber;

H. R. 2189. An act for the relief of Julia M. Ryder;

H. R. 2622. An act for the relief of M. Waring Harrison;

H. R. 2623. An act for the relief of J. W. Hearn, Jr.;

H. R. 2936. An act for the relief of J. H. Taylor & Son;

H. R. 3152. An act for the relief of Joseph Jochemczyk;

H. R. 3155. An act to confer jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of the Bankers Reserve Life Co., of Omaha, Nebr., and the Wisconsin National Life Insurance Co., of Oshkosh, Wis.;

H. R. 3383. An act to provide a preliminary examination of the Greenbrier River and its tributaries in the State of West Virginia, with a view to the control of its floods;

H. R. 3384. An act to provide a preliminary examination of the Cheat River and its tributaries in the State of West Virginia, with a view to the control of its floods;

H. R. 3385. An act to provide a preliminary examination of the Potomac River and its tributaries, with a view to the control of its floods;

H. R. 3513. An act for the relief of Archie P. McLane and Hans Peter Jensen;

H. R. 3573. An act for the relief of Jens H. Larsen;

H. R. 3673. An act for the relief of Bernard V. Wolfe and the Dixon Implement Co.;

H. R. 4031. An act for the relief of Stanley T. Gross;

H. R. 4277. An act for the relief of James R. Russell;

H. R. 4362. An act for the relief of Patrick J. Leahy;

H. R. 4411. An act for the relief of Mary L. Munro;

H. R. 4571. An act for the relief of William W. Bartlett;

H. R. 4638. An act for the relief of Elizabeth Halstead;

H. R. 4660. An act for the relief of Robert C. E. Hedley;

H. R. 4725. An act for the relief of Catherine Donnelly, Claire E. Donnelly, John Kufall, Mary F. Kufall, and Elizabeth A. Tucker;

H. R. 4779. An act for the relief of Capt. Chester Gracie;

H. R. 4951. An act for the relief of the Moffat Coal Co.;

H. R. 4953. An act for the relief of Doris Lipscomb;

H. R. 4965. An act for the relief of M. M. Smith;

H. R. 4999. An act for the relief of Marie Linsenmeyer;

H. R. 5491. An act for the relief of Bethlehem Fabricators, Inc.;

H. R. 5625. An act for the relief of Sperry Gyroscope Co., Inc., of New York;

H. R. 5753. An act for the relief of Edith H. Miller;

H. R. 5827. An act for the relief of Elizabeth Wyhowski, mother and guardian of Dorothy Wyhowski;

H. R. 5874. An act for the relief of Hugh B. Curry;

H. R. 5974. An act for the relief of Thelma L. Edmunds, Mrs. J. M. Padgett, Myrtis E. Posey, Mrs. J. D. Mathis, Sr., Fannie Harrison, Annie R. Colgan, and Grace Whitlock;

H. R. 6344. An act for the relief of the estate of John A. McGloin;

H. R. 6520. An act for the relief of Preston Brooks Massey;

H. R. 6578. An act for the relief of Joseph A. Therry;

H. R. 6599. An act for the relief of Florence Helen Klein, a minor;

H. R. 6669. An act for the relief of Mrs. Earl Poynor;

H. R. 6698. An act for the relief of Mae C. Tibbett, administratrix;

H. R. 6821. An act for the relief of Alfred J. White, M. J. Banker, and Charlyn DeBlanc;

H. R. 6828. An act for the relief of George H. Smith;

H. R. 6848. An act for the relief of the First Federal Savings and Loan Association of Shawnee, Okla.;

H. R. 6999. An act for the relief of Frank Rottkamp;

H. R. 7031. An act for the relief of Georgiana Minnigerode, widow of Capt. Karl Minnigerode;

H. R. 7529. An act for the relief of Mariano Biondi;

H. R. 7861. An act for the relief of Mrs. J. A. Joullian;

H. R. 7867. An act for the relief of Adolph Micek, a minor;

H. R. 7904. An act for the relief of Grant Hospital and Dr. M. H. Streicher;

H. R. 7963. An act for the relief of J. Edwin Hemphill;

H. R. 8034. An act for the relief of Mae Pouland;

H. R. 8088. An act for the relief of Nahwista Carr Bolk;

H. R. 8094. An act for the relief of Dr. J. C. Blalock;

H. R. 8113. An act for the relief of Louis George;

H. R. 8301. An act to authorize a preliminary examination of the Marais des Cygnes River, in the State of Kansas, with a view to the control of its floods;

H. R. 8320. An act for the relief of Mrs. John H. Wilke;

H. R. 8414. An act to provide a preliminary examination of the Yakima River and its tributaries and the Walla Walla River and its tributaries in the State of Washington, with a view to the control of their floods;

H. R. 8486. An act for the relief of John A. Baker;

H. R. 8510. An act for the relief of John Hurston;

H. R. 8551. An act for the relief of J. C. Donnelly;

H. R. 8685. An act for the relief of Edwin Pickard;

H. R. 8694. An act to provide a preliminary examination of Chickasawha River and its tributaries in the State of Mississippi, with a view to the control of their floods;

H. R. 8706. An act for the relief of Frank Polansky;

H. R. 9076. An act for the relief of W. H. Dean;

H. R. 9171. An act for the relief of Myrtle T. Grooms;

H. R. 9190. An act for the relief of J. P. Moore;

H. R. 9208. An act for the relief of Foot's Transfer & Storage Co., Ltd.;

H. R. 9235. An act to provide for a preliminary examination 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;

H. R. 9236. An act to authorize a preliminary examination 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;

H. R. 9249. An act to provide for a preliminary examination 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;

H. R. 9250. An act to provide for a preliminary examination 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;

H. R. 9267. An act to provide for a preliminary examination 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.

H. R. 9273. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.;

H. R. 9380. An act for the relief of Edgar M. Barber, special disbursing agent, Paris, France, and Leo Martinuzzi, former customs clerk;

H. R. 9866. An act to extend certain provisions of the act approved June 18, 1934, commonly known as the Wheeler-Howard Act (Public Law No. 383, 73d Cong., 48 Stat. 984), to the Territory of Alaska, to provide for the designation of Indian reservations in Alaska, and for other purposes;

H. R. 9874. An act authorizing a preliminary examination of Cadron Creek, Ark., a tributary of the Arkansas River;

H. R. 10135. An act to authorize the construction of a model basin establishment, and for other purposes;

H. R. 10388. An act to aid the veteran organizations of the District of Columbia in their joint Memorial Day services at Arlington National Cemetery and other cemeteries on and preceding May 30;

H. R. 10487. An act to authorize a survey of Lowell Creek, Alaska, to the determine what, if any, modification should be made in the existing project for the control of its floods;

H. R. 10521. An act for the relief of Joseph Mossew;

H. R. 10575. An act for the relief of Catharine I. Klein;

H. R. 10583. An act 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;

H. R. 10631. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N. Y.;

H. R. 10985. An act to repeal Public Law No. 246 of the Seventy-second Congress;

H. R. 10991. An act for the relief of Harry Wallace;

H. R. 11042. An act authorizing a preliminary examination of the Matanuska River in the vicinity of Matanuska, Alaska;

H. R. 11043. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River at or near Conway, S. C.;

H. R. 11073. An act granting the consent of Congress to the State Highway Commission of Missouri to construct, maintain, and operate a free highway bridge across the Current River at or near Powder Mill Ford on Route No. Missouri 106, Shannon County, Mo.;

H. R. 11231. An act for the relief of Rasmus Bech;

H. R. 11402. An act authorizing the Delaware River Joint Toll Bridge Commission of the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point near Delaware Water Gap;

H. R. 11476. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Lamar Lumber Co. to construct, maintain, and operate a railroad bridge across the West Pearl River at or near Talisheek, La.", approved June 17, 1930;

H. R. 11478. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between St. Louis, Mo., and Stites, Ill.;

H. R. 11486. An act for the relief of Mary Hemke;

H. R. 11562. An act to renew patent no. 25909 relating to the badge of the United States Daughters of 1812;

H. R. 11573. An act to amend the act entitled "An act for the relief of certain purchasers of lands in the borough of Brooklawn, State of New Jersey", approved August 19, 1935;

H. R. 11613. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.;

H. R. 11644. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 11685. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;

H. R. 11729. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Natchez, Miss., and for other purposes;

H. R. 11738. An act 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.;

H. R. 11772. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Sistersville, W. Va.;

H. R. 11793. An act to authorize a preliminary examination of various creeks in the State of California with a view to the control of their floods;

H. R. 11806. An act to authorize a preliminary examination of Passaic River, N. J., with a view to the control of its floods;

H. J. Res. 223. Joint resolution conferring upon the Court of Claims jurisdiction of the claim of the Rodman Chemical Co. against the United States;

H. J. Res. 412. Joint resolution to authorize an investigation of the means of increasing capacity of the Panama Canal for future needs of interoceanic shipping, and for other purposes; and

H. J. Res. 553. Joint resolution extending the time for the Federal Trade Commission to make an investigation and file final report with respect to agricultural income and the financial and economic condition of agricultural producers generally.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 753. An act to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co.; and

S. 4335. An act to authorize the coinage of 50-cent pieces in commemoration of the centennial celebration of Cleveland, Ohio, to be known as the Great Lakes Exposition.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 45 minutes p. m.) the House adjourned until tomorrow, Tuesday, April 28, 1936, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE PUBLIC LANDS

House Committee on the Public Lands will meet Tuesday, April 28, 1936, at 10 a. m., Public Lands Committee room, to further consider H. R. 7086, the Mount Olympus National Park bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

820. A communication from the President of the United States, transmitting for the consideration of Congress supplemental estimates of appropriations for the District of Columbia for the fiscal years 1936 and 1937 in the amount of

$169,000 (H. Doc. No. 475); to the Committee on Appropriations and ordered to be printed.

821. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department for the fiscal year 1936, amounting to $230,700 (H. Doc. No. 476); to the Committee on Appropriations and ordered to be printed.

822. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation of the Agricultural Adjustment Administration, Department of Agriculture, to make available to the Secretary of Agriculture the funds required to give effect to the provisions of the act entitled "An act relating to compacts and agreements among States in which tobacco is produced providing for the control of production of, or commerce in, tobacco in such States, and for other purposes", approved April 25, 1936 (H. Doc. No. 477); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GOLDSBOROUGH: Committee on Banking and Currency. H. R. 12447. A bill to amend certain provisions of the banking laws relating to the administrative powers of the Comptroller of the Currency, the conversion of State banks into national banks, the payment of dividends on common stock of national banks, and the election and duties of shareholders' agents, and for other purposes; with amendment (Rept. No. 2500). Referred to the Committee of the Whole House on the state of the Union.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 12222. A bill to permit the temporary entry into the United States under certain conditions of alien participants and officials of the Leyden International Bureau attending an international conference to be held in the United States in 1936, without amendment (Rept. No. 2501). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS: Committee on Indian Affairs. H. R. 9144. A bill conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes; with amendment (Rept. No. 2502). Referred to the Committee of the Whole House on the state of the Union.

Mr. DELANEY: Committee on Naval Affairs. S. 4020. An act to authorize the acquisition of lands in the city of Alameda, county of Alameda, State of California, as a site for a naval air station and to authorize the construction and installation of a naval air station thereon; with amendment (Rept. No. 2503). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 12467) granting a pension to Nancy Ann Whitehead, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCK: A bill (H. R. 12471) for preliminary examination and survey of Benicia Harbor, Solano County, Calif.; to the Committee on Rivers and Harbors.

By Mr. LANHAM (by request): A bill (H. R. 12472) to amend the act entitled "An act authorizing the erection for the sole use of the Pan American Union of an office building on the square of land lying between Eighteenth Street, C Street, and Virginia Avenue NW., in the city of Washington, D. C.", approved May 16, 1928 (45 Stat. 590), as amended, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. BROWN of Georgia: A bill (H. R. 12473) authorizing the State Highway Board of the State of Georgia to construct, maintain, and operate a free highway bridge across the Savannah River at or near Augusta, Ga.; to the Committee on Interstate and Foreign Commerce.

By Mr. BURNHAM: A bill (H. R. 12474) to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States for use as a site for a Naval Reserve armory; to the Committee on Naval Affairs.

By Mr. WHITE: A bill (H. R. 12475) to amend section 304 of the Tariff Act of 1930 to require the marking of imported articles upon repacking, and for other purposes; to the Committee on Ways and Means.

By Mr. BACON: Joint Resolution (H. J. Res. 573) authorizing the recognition of the three hundredth anniversary of the founding of Harvard College and the beginning of higher education in the United States and providing for the representation of the Government and people of the United States in the observance of the anniversary; to the Committee on the Library.

By Mr. CANNON of Wisconsin: Joint Resolution (H. J. Res. 574) to amend article III, section 1, of the Constitution 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. CARMICHAEL: A bill (H. R. 12476) to quiet title and possession with respect to certain lands in Lawrence County, Ala., to wit: Fractional section 25 and the northwest quarter of section 36, township 3 south, range 7 west, Huntsville meridian; to the Committee on the Public Lands.

By Mr. CROWTHER: A bill (H. R. 12477) granting an increase of pension to Mary A. Smith; to the Committee on Invalid Pensions.

By Mr. GOLDSBOROUGH: A bill (H. R. 12478) for the relief of Mary F. England, Margaret Fulton, and Tyler M. Fulton, children of Winston Cabell Fulton; to the Committee on Claims.

By Mr. HIGGINS of Massachusetts: A bill (H. R. 12479) authorizing the President to present in the name of Congress a medal of honor to James J. Mead; to the Committee on Naval Affairs.

By Mr. HOFFMAN: A bill (H. R. 12480) for the relief of Frank T. Adler; to the Committee on Claims.

By Mr. JENKINS of Ohio: A bill (H. R. 12481) granting a pension to John F. Porter; to the Committee on Pensions.

By Mr. JOHNSON of West Virginia: A bill (H. R. 12482) for the relief of Charles E. Bryant; to the Committee on Claims.

By Mr. MURDOCK: A bill (H. R. 12483) granting a pension to Margret Harrison; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 12484) granting an increase of pension to Nancy A. Russell; to the Committee on Invalid Pensions.

By Mr. REILLY: A bill (H. R. 12485) granting an increase of pension to Josephine Dolen; to the Committee on Invalid Pensions.

By Mr. SMITH of Connecticut: A bill (H. R. 12486) for the relief of Peter Joseph Costigan; to the Committee on Naval Affairs.

By Mr. TOLAN: A bill (H. R. 12487) granting a pension to Lucy M. Ulyatt; to the Committee on Pensions.

By Mr. TURPIN: A bill (H. R. 12488) granting an increase of pension to Rebecca Aubrey; 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:

10774. By Mr. BEITER: Resolution unanimously adopted by the R. S. Beatty Lodge, No. 910, Buffalo, N. Y., Brotherhood of Railway and Steamship Clerks, protesting against the Supreme Court's usurpation of the powers granted to Congress; to the Committee on the Judiciary.

10775. By Mr. CITRON: Petition of the Fifty-second Annual Encampment of the Connecticut Department, Sons of Union Veterans, held at Derby, Conn., April 15, 1936, regarding widows' pensions; to the Committee on Pensions.

10776. By Mr. DRISCOLL: Petition of the Brockway Glass Co., protesting against passage of the so-called Wheeler anti-basing point bill (S. 4055) by pointing out that it will force numerous manufacturing units out of the competitive field; to the Committee on Interstate and Foreign Commerce.

10777. By Mr. FITZPATRICK: Petition signed by W. C. Robertson, of 2 Knollwood Avenue, Mount Vernon, N. Y., and a number of others residing in New York State, protesting against House bill 12161, to place a 1-cent-per-gallon tax on fuel oil; to the Committee on Ways and Means.

10778. By Mr. JOHNSON of Texas: Petition of R. H. Evans, postmaster, Red Oak, Tex., favoring House bill 2890, amended House bill 11686; to the Committee on the Post Office and Post Roads.

10779. By Mr. KENNEDY of New York: Memorial of the Legislature of the State of New York requesting that the Works Progress Administration and the Congress accept immediate responsibility for relief and employment of transients, and urging that this relief in employment be made effective through permanent departments of State, Government, and coordinate local units of administration, and that funds be made available by the Federal Government on a grant-in-aid basis; to the Committee on Appropriations.

10780. By Mr. LAMNECK: Resolution of Grank C. Karns, president of council, Myron B. Gessaman, mayor of Columbus, Ohio, and Helen T. Howard, city clerk, urging the United States Senate and the House of Representatives to enact at the earliest possible date the United States Housing Act of 1936 (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10781. By Mr. RABAUT: Petition of Odiel VanVooren and others in the Fourteenth Congressional District of Michigan, urging passage of House bill No. 8540, known as the national lottery bill, as introduced by Representative KENNEY, of New Jersey; to the Committee on the Judiciary.

10782. Also, petition of Jerry VanderGyp and others in the Fourteenth Congressional District of Michigan, urging passage of House bill No. 8540, known as the national lottery bill, as introduced by Representative KENNEY, of New Jersey; to the Committee on the Judiciary.

10783. Also, petition of the Board of County Commissioners of Summit County, Ohio, petitioning Congress to enact legislation canceling relief loans of the Reconstruction Finance Corporation to cities and counties; to the Committee on Banking and Currency.

10784. Also, petition of the Common Council of the City of Detroit, urging Congress to take immediate favorable action upon House bill 12243, introduced by Congressman RABAUT; to the Committee on Banking and Currency.

10785. By Mrs. ROGERS of Massachusetts: Petition of the State Board of Housing of the Commonwealth of Massachusetts, urging early enactment of Senate bill 4424; to the Committee on Banking and Currency.

10786. By Mr. SISSON: Petition of residents of New York City and vicinity, numbering about 400, urging passage of House bill 9216, National Income and Credit Issue Act; to the Committee on Banking and Currency.

10787. By the SPEAKER: Petition of the Daughters of the American Revolution; to the Committee on Foreign Affairs.

SENATE

TUESDAY, APRIL 28, 1936

(Legislative day of Friday, Apr. 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, April 27, 1936, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 10489) to authorize the coinage of 50-cent pieces in commemoration of the two hundred and fiftieth anniversary of the founding and settlement of the city of New Rochelle, N. Y., with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 7468. An act for the relief of Izelda Boisoneau; and

H. R. 9673. An act to authorize the recoinage of 50-cent pieces in connection with the California-Pacific International Exposition to be held in San Diego, Calif., in 1936.

The message further announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 396. An act for the relief of the Virginia Engineering Co., Inc.;

H. R. 4016. An act to amend section 10 and repeal section 16 of the act entitled "An act to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes", approved May 29, 1934 (48 Stat. 811), and for other purposes; and

H. R. 7253. An act for the relief of James Murphy Morgan and Blanche Copelan.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. LEWIS. I announce the absence of the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Florida [Mr. TRAMMELL], caused by illness.

I also announce that the Senator from Missouri [Mr. CLARK] is absent because of illness in his family, and that the Senator from Oklahoma [Mr. GORE], the Senator from West Virginia [Mr. HOLT], the Senator from Kansas [Mr. MCGILL], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Idaho [Mr. POPE], and the Senator from New Jersey [Mr. MOORE] are unavoidably detained from the Senate. I ask that this announcement stand of record for the day.

Mr. AUSTIN. I announce that the Senator from Iowa [Mr. DICKINSON] and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

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

PETITIONS AND MEMORIALS

Mr. WAGNER presented a resolution adopted by the National Executive Board of the American Newspaper Guild, urging the continuance of the Federal arts projects on a national basis under direct Federal control, which was referred to the Committee on Education and Labor.

He also presented a petition of the Building Trades Council, of Springfield, Mo., praying for the enactment of House bill 8666, providing for low-cost housing projects and the