10801. Also, petition of Mabel E. Albright and other residents of Kingston, N. Y., regarding the Townsend plan; to the Committee on Ways and Means.

10802. By Mr. REED of Illinois: Petition signed by Gertrude K. Beckman and 166 members of extension service of the University of Illinois, requesting passage of Copeland food and drug bill or other legislation which will afford consumer protection; to the Committee on Interstate and Foreign Commerce.

10803. Also, resolution by the Women's Home Missionary Society of Downers Grove (Ill.) Methodist Episcopal Church, protesting against passage of House bill 10387; to the Committee on the District of Columbia.

10804. Also, resolution by the Women's Home Missionary Society of Downers Grove (Ill.) Methodist Episcopal Church, protesting against House bill 3414; to the Committee on Ways and Means.

10805. Also resolution by the Women's Home Missionary Society of Downers Grove (Ill.) Methodist Episcopal Church, endorsing House bill 8368; to the Committee on the Judiciary.

10806. By Mrs. ROGERS of Massachusetts: Petition of custodial employees of the Post Office and Treasury Departments, of Boston, Mass., urging enactment of the Boylan bill (H. R. 7267); to the Committee on the Civil Service.

10807. By Mr. SADOWSKI: Petition of the Common Council of Detroit, Mich., endorsing House bill 12243; to the Committee on Banking and Currency.

10808. Also, petition of the Detroit Federation of Post Office Clerks, endorsing House bill 7688; to the Committee on the Post Office and Post Roads.

10809. Also, petition of the Detroit Federation of Post Office Clerks, endorsing House bill 3251; to the Committee on the Civil Service.

SENATE

THURSDAY, APRIL 30, 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 Wednesday, April 29, 1936, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

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 further announce that the Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. GORE], the Senator from California [Mr. MCADOO], the Senator from Missouri [Mr. TRUMAN], and the Senator from New York [Mr. WAGNER] are unavoidably detained from the Senate.

Mr. AUSTIN. I announce that the Senator from Iowa [Mr. DICKINSON] and the Senator from Delaware [Mr. TOWNSEND] are necessarily absent.

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

CHARLES F. BOOTS

Mr. HARRISON. Mr. President, I wish to interrupt the legislative proceeding for a brief moment to express my personal high regard for a very valuable employee of the Senate who today is leaving the employment of the Senate and entering what he believes are broader fields of work. For 13 years this employee has been in the office of the legislative counsel of the Senate, and for 6 years has been legislative counsel for this body. In the course of that time he has assisted every Member of the Senate in the study and preparation of important legislation. It is my belief that the Senate has never had an employee who has been more faithful to his trust than has this gentleman, or one who has played in a very modest way a greater part in legislative achievements.

Charles F. Boots has been most valuable to the Congress and the country. Possessed of an extraordinary mind, courteous, and always accommodating, he will be missed by all of us. I am sure, Mr. President, I express the sentiments of the Finance Committee and of every Member of the Senate when I say that we regret that he is resigning as legislative counsel of this body, and we wish for him every success in this new and broader field of private employment and send with him the blessings of the Senate.

DEPARTMENTS OF STATE, JUSTICE, ETC., APPROPRIATIONS—CONFERENCE REPORT

Mr. MCKELLAR submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12098) "making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1937, and for other purposes", having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 10, 23, 32, 33, 34, and 52.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 6, 8, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 25, 26, 27, 28, 29, 30, 31, 35, 36, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 53, 54, and 59, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$26,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"For investigations relating to the establishment of a Federal zone along the international boundary, United States and Mexico, as authorized by Public Law Numbered 286, approved August 19, 1935 (49 Stat. 660), including salaries and wages; fees for professional services; supplies and materials; communication service; travel expenses; transportation of things; hire, maintenance, and operation of motor-propelled passenger- and freight-carrying vehicles; hire with or without personal services of work animals and animal-drawn and motor-propelled vehicles and equipment; and such other expenses as the Secretary of State may deem necessary, $4,650, to be immediately available."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows: "and for payment of foreign counsel employed by the Attorney General in special cases, $600,000, no part of which, except for payment of foreign counsel, shall be used to pay the compensation of any persons except attorneys duly licensed and authorized to practice under the laws of any State, Territory, or the District of Columbia"; and the Senate agree to the same.

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Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"No part of the funds appropriated by Title II of this act for salaries of judges, the Attorney General, Assistant Attorneys-General, Solicitor General, district attorneys, marshals, and clerks of court shall be used for any other purpose whatsoever, but such salaries shall be allotted out of appropriations herein made for such salaries and retained by the Department and paid to such officials severally, as and when such salaries fall due and without delay."

And the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "$225,000"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$30,000"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$850,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$628,500"; and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "miscellaneous expenses, $2,785,000, of which amount not to exceed $885,000 shall be available for the Veterans' Placement Service, the Farm Placement Service, District of Columbia Public Employment Center, and all other purposes, including not to exceed $197,500 for personal services in the Department in the District of Columbia, and the remainder shall be available for payment to the several States in accordance with the provisions of the said Act of June 6, 1933, as amended: *Provided*, That apportionments for the fiscal year 1937 shall be on the basis of a total apportionment to all States of $3,000,000, and in order to supply the Government's apportionments to States under such Act during the fiscal years 1936 and 1937, which are not capable of being supplied under the foregoing appropriation, there is hereby appropriated so much as may be necessary to supply such apportionments, but not more than $1,675,000."; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 9 and 58.

KENNETH MCKELLAR,
RICHARD B. RUSSELL, Jr.,
KEY PITTMAN,
FREDERICK HALE,
GERALD P. NYE,
Managers on the part of the Senate.

THOS. S. MCMILLAN,
MALCOLM C. TARVER,
LOUIS C. RABAUT,
JAMES MCANDREWS,
FLORENCE P. KAHN,
Managers on the part of the House.

Mr. MCKELLAR subsequently said: Mr. President, I ask unanimous consent for the immediate consideration of the conference report on the State, Justice, Commerce, and Labor appropriation bill submitted by me earlier today.

There being no objection, the report was considered and agreed to.

ACADEMIC FREEDOM

Mr. WALSH. I present and request to have treated as in the nature of a petition a statement adopted by the National Catholic Educational Association at a convention in New York City, N. Y., on the 16th instant, on the subject of academic freedom, which I ask may be printed in the RECORD and appropriately referred.

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

STATEMENT ON ACADEMIC FREEDOM ADOPTED BY NATIONAL CATHOLIC EDUCATIONAL ASSOCIATION AT CONVENTION IN NEW YORK CITY, APRIL 16, 1936

Our American democracy is in the process of adjusting itself to the dislocations that have occurred in our economic life and is in search of new mechanisms to promote the liberty and equality to which our Nation is dedicated. Thoughtful people sense the danger that good intention may outstrip wisdom, and there is a growing sensitivity concerning the various freedoms that must at all costs be preserved if democracy is to survive. In the forefront of these freedoms is the freedom to teach, the right of schools, and the means of education to search out and propagate the truth.

Academic freedom is not academic license. It does not guarantee to any individual the right to teach whatever he pleases nor to impose on the immature, the uncritical, the unwary his own untested intellectual idiosyncracies. It must not be forgotten that man is essentially a social being; that he is begotten by and must live with his fellows. There are truths that underlie the proper and just association of man with man. To these truths we have a sacred obligation.

Academic freedom is freedom to teach what is true and to receive instruction in what is true. When it comes to defining what is true, Catholic education seeks the guidance not only of the natural law but of the supernatural revelation that has come to us from God through Jesus Christ our Lord, and which is interpreted for us by the church. This truth we insist on our right to teach. We protest that those who maintain that education based on religion has no right to support from public funds are violating academic freedom. They are depriving a large group of their fellow citizens of adequate facilities for instructing their children in the truths they deem necessary for their eternal welfare and for the well-being of the state.

The state has no authority to determine what is and what is not true. Its function is to see that adequate provisions are made for the education of all its citizens and that in every field that is necessary for the common welfare. When in the name of academic freedom things are taught that violate the fundamental moral law, the state has the duty to intervene for the protection of its citizens and the preservation of its own existence. However, there is no room in a free country for any centralized political domination of education. Let not the schools be made the playthings of politics nor the organs of a false patriotism. Teachers are not civil servants—they are the agents of the home. When they are forced by law to take oaths of allegiance to the Government, a step is being taken in a dangerous direction. The logical eventuality will be state monopoly of schools and an education based on political indoctrination.

We insist on the fundamental right of the parent to control the education of his children. The school must correspond to the home, of which it is by nature and by history an extension. Hence the necessity of safeguarding in every possible way the American tradition of the local control of schools. We hereby voice once more, with all the emphasis of which we are capable, our opposition to the assumption on the part of the Federal Government of any authority over the schools of the United States. We are opposed to the creation of a Federal Department of Education or of any mechanism that would amount to the same thing. We are concerned lest the activities in the field of education which the Federal Government has inaugurated because of the exigencies of the times may be organized on some permanent basis and the foundation thus be laid for the domination of American education or any of its phases on the part of Washington.

RELIEF OF INDIANS

Mr. BENSON. In view of the drastic demands for renewal of direct relief grants from the Federal Government to the States, and the specific problem created by the necessity for further relief to the Indians, I respectfully request permission to have printed in the RECORD and appropriately referred a letter from L. P. Zimmerman, State Emergency Relief Administrator for Minnesota, and an excerpt from the minutes of the State executive council of the State of Minnesota, and also an accompanying memorandum by counties vividly portraying the need for such supplemental direct relief from the Federal Government.

There being no objection, the letter from Mr. Zimmerman and the excerpt from the minutes of the State Executive Council of Minnesota and the accompanying memorandum were ordered to be printed in the RECORD and referred to the Committee on Appropriations, as follows:

STATE RELIEF AGENCY,
St. Paul, Minn., April 20, 1936.

Hon. ELMER A. BENSON,
Senate Office Building, Washington, D. C.

DEAR SENATOR BENSON: I am enclosing copy of a resolution passed by the Executive Council of the State of Minnesota at a recent meeting, petitioning the Federal Government to supplement direct relief in the State, to provide for the care of indigent Indians resident in the State of Minnesota.

In this connection your attention is respectfully directed to the fact that 85 percent of the Indian relief cases in the State are located in 10 of the more remote and less developed counties, there being resident approximately 9,000 Indians, about one-half of whom are on relief and will so remain.

To give you a clear picture of the situation, I am also enclosing a statement showing total population, number of Indian cases, Indian population, and percent of Indian cases to total relief cases compiled from the most recent figures available.

In view of the restricted State funds made available by the last special session of the legislature, allocation of State funds to the counties has been necessarily drastically reduced, which means that these undeveloped counties have found themselves in a position of being almost bankrupt.

Notwithstanding the restricted amount of State money available, the State Executive Council, fully realizing the untenable financial position of the counties, has made every effort possible to give these particular counties, whose need is so predominant, all the money possible, as evidenced by the allotments shown below:

	Percent
Becker County	41.0
Beltrami County	66.6
Cass County	77.3
Carlton County	45.5
Clearwater County	75.0
Cook County	60.5
Itasca County	58.9
Mahnomen County	68.1
Mille Lacs County	69.1
Redwood County	45.7

This State assistance is, of course, inadequate.

It is very definitely felt in the State of Minnesota, and we feel this viewpoint is held in the United States as a whole, that the Indians are, properly speaking, the very definite responsibility of the Federal Government; and we, therefore, request your earnest consideration of the matter to this end, that the Federal Government supplement relief granted Indians in the State by direct Federal grant to the State for distribution to the counties.

It is conservatively estimated, based on an allowance of $100 per Indian case for the remaining months of 1936, that approximately $105,000 of Federal funds are necessary.

May I have early advice of your reaction to this request?

Yours very truly,

STATE RELIEF AGENCY,
L. P. ZIMMERMAN, *Administrator.*

EXCERPTS FROM THE MINUTES OF THE MEETING OF THE EXECUTIVE COUNCIL, APRIL 1, 1936

Whereas under the statutes of Minnesota, including Extra Session Laws 1935–36, chapter 101, appropriating money for emergency relief for the period ending July 1, 1937, the primary responsibility for the extension of relief is placed upon the counties of the State; and

Whereas in 10 of the more remote and less developed counties there being resident approximately 9,000 Indians, about one-half of whom are on relief and will so remain; and

Whereas the counties in which such Indians are so resident are reluctant to assume the responsibility of their care and are financially unable so to do; and

Whereas reliable reports indicate that there is considerable suffering among such Indians and that there is need for increased relief thereto, and such situation is becoming daily more serious; and

Whereas, in the opinion of the council, the problem of caring for such needy Indians is morally a national problem, instead of a State or local problem: Be it

Resolved by the Executive Council of the State of Minnesota at a regular meeting held this 1st day of April 1936, That the Federal Government be, and it is hereby, petitioned to supplement the relief which said counties and the State are able to provide for the care of such Indians with additional Federal funds; be it further

Resolved, That a copy of this resolution be forwarded to the Honorable John Collier, Commissioner of Indian Affairs, and to each Senator and Representative in the Congress from this State.

Information on Indian population and case loads, Oct. 15, 1935

County	Total population	Indian population	Number of Indian cases	Percent Indian cases (of total cases)
Aitkin	15,009	103	27	3.25
Anoka	18,415	24		
Becker	22,503	1,880	202	31.51
Beltrami	20,707	1,961	109	11.18
Benton	15,056			
Big Stone	9,838			
Blue Earth	33,847	2		
Brown	23,428			
Carlton	21,232	486	50	14.16
Carver	16,936			
Cass	15,591	1,304	170	19.10
Chippewa	15,762			
Chisago	13,189	7	4	1.75
Clay	23,120	13		
Clearwater	9,546	461	33	10.68
Cook	2,435	191	9	22.50
Cottonwood	14,782			
Crow Wing	25,627	33		
Dakota	34,592	53	10	2.14
Dodge	12,127			
Douglas	18,813	14		
Faribault	21,642			
Fillmore	24,748			
Freeborn	28,741			
Goodhue	31,317	83		
Grant	9,558	1		

Information on Indian population and case loads, Oct. 15, 1935—Continued

County	Total population	Indian population	Number of Indian cases	Percent Indian cases (of total cases)
Rural Hennepin	53,429	199	1	0.09
City of Minneapolis	464,356	158		
Houston	13,845	24	3	5.77
Hubbard	9,596	13	1	.29
Isanti	12,081			
Itasca	27,224	490	67	7.89
Jackson	15,863			
Kanebec	8,558			
Kandiyohi	23,574			
Kittson	9,688	6	4	4.82
Koochiching	14,078	154	7	1.68
Lac qui Parle	15,398			
Lake	7,068	3		
Lake of the Woods	4,194	8	1	.79
Le Seuer	17,990	8		
Lincoln	11,303	1		
Lyon	19,326			
McLeod	20,522			
Mahnomen	6,153	1,612	162	48.07
Marshall	17,003			
Martin	22,401			
Meeker	17,914	1		
Mille Lacs	14,076	296	51	6.94
Morrison	25,442	28	1	.18
Mower	28,065			
Murray	13,902	1		
Nicollet	16,550			
Nobles	18,618			
Norman	14,061	29	1	.65
Olmsted	35,426	4		
Otter Tail	51,006	25		
Pennington	10,487			
Pine	20,264	156	17	3.60
Pipestone	12,238	56		
Polk	36,019	25	3	.61
Pope	13,085	5		
Ramsey	286,721	174	46	.42
Red Lake	6,887			
Redwood	20,620	158	15	13.76
Renville	23,645	28		
Rice	29,974	16		
Rock	10,962			
Roseau	12,621	74	1	.70
St. Louis	204,596	595	38	.39
Scott	14,116	10	1	.03
Sherburne	9,709	22		
Sibley	15,865	1		
Stearns	62,121	19		
Steele	18,475	20		
Stevens	10,185	1		
Swift	14,735			
Todd	26,170	11		
Traverse	7,938	2	2	1.33
Wabasha	17,613	9		
Wadena	10,990			
Waseca	14,412	7		
Washington	24,753	50		
Watonwan	12,802			
Wilkin	9,791	1		
Winona	35,144	8		
Wright	27,119			
Yellow Medicine	16,625	79	8	2.56
Total	2,563,953	11,077	1,044	

Population as of 1930 census.

REPORTS OF COMMITTEES

Mr. CHAVEZ, from the Committee on Foreign Relations, to which was referred the bill (S. 4556) authorizing an appropriation for the payment of the claim of Gen. Higinio Alvarez, a Mexican citizen, with respect to lands on the Farmers Banco in the State of Arizona, reported it without amendment and submitted a report (No. 1972) thereon.

Mr. KING, from the Committee on Territories and Insular Affairs, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 4524. A bill to provide a permanent government for the Virgin Islands of the United States, and for other purposes (Rept. No. 1974); and

H. R. 8287. A bill to establish an assessed valuation of real property tax in the Virgin Islands of the United States (Rept. No. 1973).

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (H. R. 5730) to amend section 3 (b) of an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes", approved March

27, 1934, reported it with amendments and submitted a report (No. 1975) thereon.

Mr. HAYDEN, from the Committee on Post Offices and Post Roads, to which was referred the bill (H. R. 11687) to amend the Federal Aid Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes, reported it with amendments and submitted a report (No. 1976) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. DUFFY:

A bill (S. 4570) to provide for the establishment of a Coast Guard Station at Green Bay, Wis.; to the Committee on Commerce.

By Mr. MINTON:

A bill (S. 4571) to authorize the Commissioners of the District of Columbia to reappoint James P. Day in the police department of said District; to the Committee on the District of Columbia.

By Mr. SMITH:

A bill (S. 4572) authorizing the Secretary of Agriculture to provide for the classification of cotton, to furnish information on market supply, demand, location, condition, and market prices for cotton, and for other purposes; and

A bill (S. 4573) to establish and promote the use of standard methods of grading cottonseed, to provide for the collection and dissemination of information on prices and grades of cottonseed and cottonseed products, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. SCHWELLENBACH:

A bill (S. 4574) authorizing the naturalization of James Lincoln Hartley, and for other purposes; to the Committee on Immigration.

By Mr. MALONEY:

A bill (S. 4575) for the relief of Peter Joseph Costigan; to the Committee on Naval Affairs.

By Mr. CONNALLY (by request):

A bill (S. 4576) to amend an act entitled "An act authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles", approved June 28, 1934; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 4577) for the relief of Louis C. Runyon; to the Committee on Military Affairs.

By Mr. NYE:

A bill (S. 4578) for the relief of Edla H. Fyten; to the Committee on Claims.

By Mr. BURKE:

A bill (S. 4579) for the relief of the estate of Edward T. Graham; to the Committee on Claims.

By Mr. MOORE:

A bill (S. 4580) to amend the Air Commerce Act to provide for the safety of passengers in aircraft; to the Committee on Interstate Commerce.

By Mr. GIBSON:

A joint resolution (S. J. Res. 258) creating a commission for the erection of a memorial building to the memory of the veterans of the Civil War, to be known as the Ladies of the Grand Army of the Republic National Shrine Commission; to the Committee on the Library.

NATIONAL FLOOD CONTROL—AMENDMENTS

Mrs. CARAWAY submitted two amendments and Mr. CAPPER submitted seven amendments intended to be proposed by them, respectively, to the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT TO PRICE-DISCRIMINATION BILL

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

PREVENTION OF AUTOMOBILE ACCIDENTS

Mr. LONERGAN, Mr. GIBSON, and Mr. MOORE submitted the following resolution (S. Res. 293), which was referred to the Committee on Interstate Commerce:

Whereas it is the duty of a responsible government to safeguard the lives of its people; and

Whereas in the year 1934 more than 30,000 people were killed as a result of automobile accidents in this country: Now, therefore, be it

Resolved, That the Committee on Interstate Commerce of the Senate, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the causes of automobile accidents and all possible means of preventing them and affording a greater measure of security to the people and their property in the operation of motor vehicles. The committee shall report to the Senate as soon as practicable the results of its investigations, together with its recommendation, if any, for necessary legislation.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate in the Seventy-fourth and succeeding Congresses, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

ALLEGED COMMUNISTIC ACTIVITIES AT HOWARD UNIVERSITY

Mr. McNARY. Mr. President, the senior Senator from Delaware [Mr. HASTINGS] is unavoidably absent from the Senate. In his absence I submit a resolution requesting certain information. I ask that the resolution be read by the clerk.

The resolution (S. Res. 294) was read as follows:

Resolved, That the Secretary of the Interior is requested to transmit to the Senate, as soon as practicable, the report made to him as a result of his inquiries in May 1935 concerning alleged communistic activities at Howard University in the city of Washington, D. C.

Mr. McNARY. I should like to have read a letter from the Secretary of the Interior.

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

The Chief Clerk read as follows:

THE SECRETARY OF THE INTERIOR,
Washington, April 18, 1936.

Hon. DANIEL O. HASTINGS,
United States Senate.

MY DEAR SENATOR HASTINGS: Your letter of April 17 has been received.

I would have no objection to a resolution requiring me to furnish to the Senate any reports in the Department relating to the investigation of alleged communistic activities at Howard University. Of course, if such a resolution were passed, I would comply with it promptly.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

Mr. BARKLEY. Mr. President, is the Senator from Oregon asking for the present consideration of the resolution?

Mr. McNARY. Yes.

Mr. BARKLEY. I have no objection to its present consideration.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

CENTENNIAL CELEBRATION OF BATTLE OF SAN JACINTO—PRINTING OF ADDRESS BY GEORGE A. HILL, JR.

Mr. SHEPPARD. Mr. President, I present an address by George A. Hill, Jr., before the Kiwanis Club of Houston, Tex., on the eve of the celebration of the one hundredth anniversary of the Battle of San Jacinto, which I ask may be referred to the Committee on Printing with a view to having it printed as a Senate document.

There being no objection, the address was referred to the Committee on Printing.

MARGINS BETWEEN PRICES OF HOGS AND PRICES OF HOG PRODUCTS

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter received by me from Henry A. Wallace, Secretary of Agriculture. In this letter the Secretary takes exceptions to a statement made by me on the floor of the Senate on April 2 in the course of the debate on Senate bill 1424. In that statement I said:

> The insufficiency of the information in the Department of Agriculture in respect to this subject is clearly indicated by the direct contradictions appearing in various public reports rendered to Congress and published, originating in the Bureau of Agricultural Economics.

Secretary Wallace believes that the following letter explains these apparent contradictions in regard to margins between prices paid farmers for live hogs and prices paid by consumers for the finished pork products. In the interest of clarification, I ask that Secretary Wallace's explanation be printed in the RECORD at this point.

I may add that column 4 of the table included in Secretary Wallace's letter shows the margin between hog prices at Chicago and retail prices at New York increased 7 cents between 1926 and 1932, while the margin between farm prices and retail prices at 51 cities decreased 67 cents in the same period. It is this difference in trends with which the Secretary's letter deals.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

APRIL 25, 1936.

Hon. ARTHUR CAPPER,
United States Senate.

DEAR SENATOR: We have noted on page 4786 of the CONGRESSIONAL RECORD, issued under the date of April 2, a statement by you in an address before the Senate to the effect that there is a direct contradiction in certain statistics appearing in two reports of this Department originating in the Bureau of Agricultural Economics. These statistics relate to margins between prices of hogs and prices of hog products. You cite data appearing in table 8 of a report submitted to the United States Senate, Seventy-second Congress, second session, entitled "Economic Situation of Hog Producers", and in tables 60 and 61 in Miscellaneous Publication No. 222 of the Department of Agriculture entitled "The Direct Marketing of Hogs."

We appreciate that your purpose in making this statement with reference to the Department's statistics was to call attention to the need for more adequate data in this field, especially with respect to operating margins of processors of livestock. Realizing the importance of more adequate statistics and because of my interest in improving our data wherever possible, I asked the Bureau of Agricultural Economics to check carefully the tables mentioned in order to determine whether the data were in fact as contradictory as your address implies. It appears on the basis of the information presented that you were misinformed with respect to the alleged inconsistency as between the tables and publications cited. The following explanation embodies the results of this effort to check the data carefully.

Attention is called to the fact that the tables cited include several margins, the different margins representing spreads between live-hog prices and wholesale prices of hog products, between live-hog prices and retail prices, and between wholesale and retail prices. Moreover, these spreads are based upon prices for different markets and, in some instances, for somewhat different products, depending upon the availability of data at the different marketing points and reflecting differences in price trends of different products derived from hogs.

Because of the need for data showing the spread between prices of live animals and wholesale and retail meat prices, the Department some years ago, through its Market News Service, began compiling data for comparing the price of hogs at Chicago, the most important market in the country, with wholesale and retail prices of hog products in New York City, the largest consuming center. Realizing, however, that the New York City market does not afford adequate data for price comparisons with respect to all products derived from the live animal, a further study was made to determine the difference between prices of live hogs and wholesale prices of all products in Chicago, which, as you know, is our principal meat-packing center and wholesale market for these products. Although New York is the largest consuming center, as a wholesale market for hog products it is not as important as Chicago. The Department's statistical series showing the wholesale value of hog products at Chicago, therefore, represents practically all the products derived from live hogs, whereas the two series showing wholesale and retail values of hog products for New York represent a lesser but, nevertheless, a major part of total hog products.

Even with these data for New York and Chicago, it was realized that we still lacked statistics showing the spread between prices received by farmers for hogs and the retail price of hog products for the United States as a whole over a long period of years. Consequently, a comparison was made of the United States average farm price of hogs and retail values of the principal edible hog products for the period from 1910 to date. In this study the retail value of hog products was computed on the basis of the retail prices compiled by the Bureau of Labor Statistics as a part of the Cost of Living series.

In the tables to which you refer five different margins or spreads between hog prices and values of hog products are given. These margins represent different things. In order that the distinctions between the various margins may be clearly indicated, we have brought together in a table below the data on these five margins.

Spread between price of hogs and wholesale and retail values of hog products

Year	(1) Price per 100 pounds of hogs at Chicago and wholesale value of 70.94 pounds of hog products at Chicago [1]	(2) Price per 100 pounds of hogs at Chicago and wholesale value of 53.78 pounds of hog products at New York [2]	(3) Retail value of 52.64 pounds of hog products at New York and wholesale value of 53.78 pounds of hog products at New York [2]	(4) Price of hogs per 100 pounds at Chicago and retail value of 52.64 pounds of hog products at New York [2]	(5) United States average farm price of hogs per 100 pounds and retail value of 52.64 pounds of hog products, 51 cities [3]
1924	$2.78	$1.53	$3.19	$4.72	$5.46
1925	3.25	1.55	2.90	4.45	4.11
1926	3.84	1.92	3.56	5.48	4.30
1927	3.65	2.28	3.37	5.65	5.27
1928	3.50	2.03	3.73	5.76	5.49
1929	3.08	1.64	2.87	4.51	5.00
1930	3.55	2.05	2.23	4.28	5.00
1931	3.40	2.60	2.18	4.78	5.75
1932	2.37	2.01	2.78	4.79	4.79

[1] Taken from report on The Direct Marketing of Hogs.
[2] Taken from Economic Situation of Hog Producers.
[3] Value of 52.64 pounds of hog products based on Bureau of Labor Statistics prices of hog products at 51 cities. United States farm price of hogs from Bureau of Agricultural Economics.

In the foregoing table the data in column 1 represent the margin between the price of hogs and the wholesale value of 71 pounds of hog products derived from 100 pounds of hogs. The margin in column 2 of the table is the spread between the price of hogs at Chicago and the wholesale value of 53.78 pounds of hog products at New York. This quantity includes only the principal hog products, namely, bacon, hams, picnics, loins, and lard. Column 3 shows the margin between the retail value of 52.64 pounds of hog products at New York and the wholesale value of 53.78 pounds of hog products at the same city. The 52.64 pounds for which the retail value was taken represents the yield of products which retailers are able to sell to consumers from the 53.78 pounds of products bought by them from the wholesaler. In other words, about 1 pound is lost in shrink and trimmings. Column 4 shows the spread between the retail value of 52.64 pounds of hog products at New York and the price of 100 pounds of live hogs at Chicago, and in column 5 the spread is that between the retail value of 52.64 pounds of hog products at 51 cities and the average farm price of hogs in the United States. In computing the retail value of hog products for 51 cities and the retail and wholesale values of hog products at New York only the principal products were included, since price data were not available for the minor products. It should be noted that in computing the wholesale value of 53.78 pounds of hog products it was only necessary to secure prices on the five principal products. In order to compute the wholesale value of 71 pounds of hog products it was necessary to compile prices of 22 specific hog products.

Comparison of the wholesale or packer margins between different markets shown in columns 1 and 2 of the table above for the period 1924–32 indicates that yearly changes in these margins were similar in direction in all years but two and that the relative changes were approximately the same for the two series most of the time. Such differences as appear are due to the fact that in some years the fluctuations in the value of the minor products, which are included in the value used for computing this spread shown in column 1 and not included in that for column 2, were relatively different from the changes in the value of principal products, which are included in the values used in computing both spreads shown in the two columns.

While columns 4 and 5 of the above table show the total spread between hog prices and the retail value of hog products, it should be recognized that these prices represent widely different situations. The hog price represented by column 4 is the price of live hogs at a specific market, Chicago, and the retail price in that column is the price compiled by our Market News Service in a specific consuming center, New York City. The retail price in column 5, on the other hand, is a general average of retail prices throughout the United States for certain cuts of meat which are compiled by the Bureau of Labor Statistics, and the average farm price of hogs is the price received by producers throughout the United States as compiled by the Bureau of Agricultural Economics.

In your address you stated that, commencing in 1926, one set of data showed a decline, whereas another set showed an increase in the same margin. Your statement is not entirely clear as to which sets of data you were comparing. It is possible that you were comparing the data shown in column 1 of the above table with the data shown in column 4. Because of the fact that 1926 is cited as the year in which the alleged inconsistency began, it seems likely that a comparison of year-to-year changes was made. If this was the case, attention is called to the fact that the data appearing in column 1 represent the price of live hogs in Chicago compared with the wholesale price of hog products in the same market. It would be correct to call this a wholesale or packer margin. The data in column 4, while showing a trend in the opposite direction from that of the data in column 1 for the 2 years following 1926, do not represent packer margins, but they represent the spread between the farm price of hogs and the United States average retail price of hog products, as explained previously. The two series of data, therefore, are not comparable.

If, on the other hand, your statement was intended to compare the long-time trend of the data in column 1 from 1926 to 1932 with the long-time trend of the data in column 4 for the same period, the general trend of the two series is in the same direction, namely, downward. If the comparison were made of the trends of the data shown in columns 4 and 5, it appears that the changes in the data in these two columns were substantially in the same direction from year to year throughout the period following 1926. They are therefore not inconsistent, especially when account is taken of the fact that they represent widely different situations, as explained above. One represents the spread between the price of hogs at Chicago and the retail value of hog products at New York City, and the other represents the spread between the average farm price of hogs in the United States and the retail value of hog products in 51 cities widely scattered throughout the country.

Changes in the United States average price of both hogs and hog products may be different in relative amount and directions from those in an individual market because of conditions peculiar to that market. For this reason it does not necessarily follow that changes in the total spread shown in column 4 should be equal in amount or always similar in direction to changes in the total spread shown in column 5. It will be observed, however, in comparing these two spreads that in all years but one or two the direction of change in the two margins was the same and that in some years the amount of change in the two margins was of about equal proportions.

Another point which should be recognized in making comparisons of the several margins is that the total spread between the price paid producers for hogs and the price paid by consumers for hog products is the sum of both the packer's or wholesaler's margin and the retailer's margin. These two margins can and do fluctuate independently of each other, and since each is a part of the total spread the fluctuations of the total spread are determined by the sum of the fluctuations of the two parts which compose it. For this reason changes in the total spread are not necessarily in the same direction or in the same amount as the changes in one or the other of the two parts which make up the total.

As your address indicates, the whole question relating to margins between livestock prices and prices of livestock products is of vital concern to livestock producers, and we are devoting considerable attention and study to it. The Bureau of Agricultural Economics is now securing prices of a greater number of livestock products than formerly, and also the number of markets for which prices are being secured has been increased. We appreciate also, as you point out, that our information and statistics with respect to such margins are in many cases insufficient, and we are desirous of securing more complete information as far as our resources permit. We do not believe, however, that there is in the data in the tables cited by you the contradiction which your statement implies. We should appreciate it if you would have this letter inserted into the CONGRESSIONAL RECORD so that an appropriate explanation of the apparent inconsistency will be readily available to those interested.

Sincerely yours,

H. A. WALLACE, *Secretary*.

THOMAS HOOKER AND THE FIRST CONSTITUTIONAL GOVERNMENT

Mr. LONERGAN. Mr. President, I ask unanimous consent to have inserted in the RECORD as part of today's proceedings of the Senate a statement which I have prepared on Thomas Hooker and the First Constitutional Government.

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

THOMAS HOOKER—THE FIRST CONSTITUTIONAL GOVERNMENT

Three hundred years ago, in June 1636, Thomas Hooker, pastor of the church of Newton, Mass. (now called Cambridge), led his congregation out of the Massachusetts Bay Colony to the valley of the Connecticut River—heralding that mighty westward movement which was to continue for two centuries to the shores of the Pacific. His followers, numbering not more than 100, carrying their household goods on wagons, and driving before them 160 head of cattle and a few other animals, tramped through the 100 miles of wilderness between the Charles and the Connecticut Rivers for 2 weeks. A weary journey, yet with ample compensation in the natural beauties of early June in New England and in freedom from the rigors of the "aristocracy of righteousness" they left behind. A little band, yet they established the settlement of Hartford, generally acknowledged, and definitely referred to by Johnston (Connecticut, A Study of a Commonwealth-Democracy) as the birthplace of American democracy.

Born in England about 1586, Hooker's life seems to reflect a rising spirit of what Cotton Mather so aptly characterized as a "conscientious nonconformity." By 1630 this attitude toward the traditional rigidity of the church had gained for him the ill will of Laud, the Archbishop of Canterbury, to the extent that he was forced to leave England and flee to Holland. This driving spirit brought him later to the shores of New England and finally to the Connecticut Valley.

The migration of the congregation of the Newton church to Hartford arose out of a fundamental difference in attitude toward the principles of government between Hooker and his followers and those in control of the Massachusetts Bay Colony. On May 31, 1638, exactly 2 years after the departure from Massachusetts, Hooker preached his now famous sermon in Hartford, which embodied the principles incorporated thereafter in the fundamental orders. John Winthrop is characterized by James Truslow Adams in his recent book, The Living Jefferson, as one of the ablest, gentlest, and best of the colonists in the bay colony. Yet even he was engaged in an attempt to keep political control in the hands of his own small group. In fact, he felt that "democracy is among civil nations accounted the meanest and worst of all forms of government." It was against this fundamental spirit, so constantly reflected in the Massachusetts Bay Colony, where it was necessary to be a church member to vote, that Hooker rebelled. The outline of the significant sermon, transcribed from the shorthand notes of Henry Wolcott, Jr., of Windsor, follows. Note that the text is taken from Deuteronomy 1:13.

"Deuteronomy 1:13: Take you wise men, and understanding, and known among your tribes, and I will make them rulers over you. Captains over thousands, and captains over hundreds, over fifties, over ten, etc.

"Doctrine I. That the choice of public magistrates belongs unto the people, by God's own allowance.

"Doctrine II. The privilege of election, which belongs to the people, therefore must not be exercised according to their humors, but according to the blessed will and law of God.

"III. They who have power to appoint officers and magistrates, it is in their power, also, to set the bounds and limitations of the power and place unto which they call them.

"Reasons: 1. Because the foundation of authority is laid, firstly, in the free consent of the people.

"2. Because, by a free choice, the hearts of the people will be more inclined to the love of the persons chosen and more ready to yield obedience.

"3. Because of that duty and engagement of the people.

"Uses: The lesson taught is threefold:

"First. There is the matter of thankful acknowledgment in the appreciation of God's faithfulness toward us, and the permission of these measures that God doth command and vouchsafe.

"Secondly. Of reproof—to dash the councils of all those that shall oppose it.

"Thirdly. Of exhortation—to persuade us, as God hath given us liberty, to take it.

"And, lastly, as God hath spared our lives, and given us them in liberty, so to seek the guidance of God, and to choose in God and for God."

Here, simply, but with infinite conviction, is expressed the germ of the American Commonwealth. Indeed, as one commentator has said, "If the germ is potentially, the whole development; that is, the most important profession of political faith in our history." Here we see the first practical public emphasis on the rights of the people to choose their own rulers and to limit the powers of those rulers—the first intimation of government "of the people, by the people, for the people." Here also is warning of the responsibility which such right of choice involves. The people must elect not "according to their humours, but according to the blessed will and law of God."

This seed of our democratic Government was developed into a written Constitution in 1639 by representatives of those who heard this sermon, and by certain others. Approximately coincident with the departure of Hooker and his small group from the Bay colony had been similar migrations from Dorchester to what is now Windsor, Conn., and from Watertown to the present Wethersfield. These three towns which, almost from the time of their establishment in the Bay colony, had been "nonconformist",

were well suited to the responsibility of drawing up the written document which may be regarded as the "first instance of a written constitution."

In 1639 representatives from these three towns met at Hartford and, probably under the direct guidance of Hooker, there drew up the 11 fundamental orders. The significance of this document is reflected by James Bryce in the American Commonwealth, where he calls it "the oldest truly political constitution in America." John Fiske, in The Beginnings of New England, says that this document was the first written constitution known to history which created a government. And, indeed, I know that many agree that the Government of the United States today is directly related in lineal descent to the one formed on that historic occasion in Connecticut. For, while the compact drawn up in the cabin of the *Mayflower* is a document defining and limiting the functions of government, and the Magna Carta was of the nature of a constitution as far as it went, the fundamental orders created a government!

At this time, when we are especially remembering Thomas Jefferson, whose words, "Governments are instituted among men, deriving their just powers from the consent of the governed", may still be read in the Declaration of Independence, it is interesting to suggest his forerunner in Hooker, who said, "The foundation of authority is laid * * * in the full consent of the people."

So today it seems only fitting that we, the representatives of the Nation at the seat of the United States Government, should join the city of Hartford in paying tribute to Thomas Hooker, minister, statesman, friend, and counselor of the people—father of American democracy. W. S. Archibald calls him "a great minister and a great citizen." Tall, strong of physique, upright, yet not rigid, morally he was respected and admired even by those who differed with him. I think we can devise no more fitting tribute than that expressed by John Winthrop, with whom Hooker was in constant disagreement politically, who wrote of him in 1647, at the time of his death, as—

"That faithful servant of the Lord, * * * pastor of the church in Hartford, who, for piety, prudence, wisdom, zeal, learnings, and what else might make him serviceable in the place and time he lived in, might be compared with men of greatest note; and he shall need no other praise: the fruits of his labors in both Englands shall preserve an honorable and happy remembrance of him forever."

ADDRESS OF PRESIDENT-GENERAL OF THE DAUGHTERS OF THE AMERICAN REVOLUTION

Mr. BARBOUR. Mr. President, I ask unanimous consent for the printing in full in the RECORD the address of Mrs. William A. Becker, president-general, at the Forty-fifth Continental Congress of the National Society of the Daughters of the American Revolution, on April 20, 1936.

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

Members of the Forty-fifth Continental Congress and friends: It is indeed a privilege, as your chosen leader, to welcome you to our beautiful Constitution Hall. You have come from every section of our country, from its highways and its byways, and from countries beyond the seas, and here—once more assembled—you bring your gifts of service to our great society. Heartiest greetings to one and all, and to those who in their distant homes are united with us through the invisible magic of the air, magic indeed—as great as any known to Alice in her Wonderland. Ours is truly a modern wonderland, ready and waiting to respond to the will of a mighty people, dedicated to love of country and to humanity.

Spring is here with its hope and promise, stimulating us with renewed purpose to faithfully carry on. America is the child of a great ideal, born of a vision in the hearts and wills of a sturdy people. Faith in God and in themselves brought men to these shores to build a new world. Like magic has our country grown great, strong, and prosperous. But magic works only so long as one holds the key to her secrets.

Yesterday we celebrated the one hundred and sixty-first anniversary of the firing of "the shot heard 'round the world"—the shot which announced to all peoples that the new world would be free—free to build the land of promise, free to fulfill the vision of its dreams.

Our ancestors knew that freedom entails responsibilities. They gave of their all for the faith that was in them. They knew that the long struggle which lay before them for liberty would set high value on human rights; they knew that constant vigilance was the price of freedom; and withal they visioned a better world. There was a time when the average man knew only stern duties and little of personal rights. Only gradually grew the vision that the success of any system of government depends upon a proper balance between rights and duties. Feudalism served its age as long as the overlord gave protection and security to those who served him. But the higher ideal was realized only when the law of compensation was recognized as the equal of authority with obligations. The observance of duties depends either upon compulsion or conscience. In a real democracy arbitrary compulsion should be lacking. But when conscience becomes dulled by the lack of religion and by the urge of grim necessity, danger is at hand.

Under the ideal condition, freedom to pursue happiness within the law, with all its rights and privileges—the right to security, the right to peace, the right to choose one's objective in life, the right to have work, the right of relief—all these privileges should be secure.

Unless there is a reawakened sense of responsibility, the balance is lost and democracy cannot live. Force would then assert itself for the attainment of those essentials which mankind must enjoy. The magic key lies buried in the cornerstone of this Republic—the character of her people, the principles of freedom, equality, justice, and humanity which remain her dream.

Great changes have come about in the character of our people. Millions of the oppressed and discontented of all lands have flocked to these shores, bringing new concepts, new traditions, and new demands. Indifference and greed are responsible for the coming of hordes unassimilated, un-Americanized, underprivileged, discontented, knowing only the rule of force.

Democracy being dependent upon those disciplined in self-control—the essential of self-government—those peoples, unprepared for the exercise of these duties, have not found democracy possible. Germany, long ruled by an iron hand, was a prosperous empire; a failure under democracy. Now vast numbers of people, lately released from the iron hand of European autocracy, are looking for strong leadership to point the way. In our country education is the answer. Vigilance is the price. Service is the opportunity.

The Society of the D. A. R. was founded not only to preserve historic monuments and colonial history, but to maintain the highest ideals of the founders of the Republic. National preservation through patriotic education is our essential program. Worthy citizenship is our watchword. As the responsibilities of true citizenship are again engendered in the minds of our people, the problems now facing us must disappear. Without character, without service, without religion, there is salvation neither for the individual nor for the Nation. Have we the vision to meet the problems of our day?

What are these problems? We are accused of a desire to maintain the status quo, of dealing death blows to personal freedom, of ignoring the principles upon which our Nation was founded, of unduly emphasizing excessive militarism. Let us then restate our faith in America's dream, the bringing of equal opportunity to every man, justice and humanity, freedom to live secure in the possession of property, home and family, and liberty to worship God according to the dictates of conscience. For the ultimate attainment of these ends no charter of government offers such security as does the Constitution of the United States.

The young woman who complains that so low a wage as $10 a week is driving youth to communism does not realize that under communism she would be compelled to keep her underpaid job, while in the United States she may turn without interference to a better job when opportunity offers. Youth without employment, without hope for the future, without prospect of marriage and a home, without knowledge of the principles of their government and its source of constitutional authority is lured by the call of revolt.

Starvation wages, unequal opportunity, uncertainty of justice, neglect of youth, disregard for law, lynchings, malfeasance in office, all these are blots upon our civilization—are challenges to our faith in our national ideals.

These challenges abound in every community. Our local governments must be made honest and above reproach; protection must be assured for the small industrialist, welcome given responsible trade unions, decent living conditions assured, education and recreational centers provided for all. But have we the will to achieve, the vision to carry on? We must have knowledge of the faith that is in us, must possess the "magic key", must dedicate ourselves anew to the service of God and country if America's dream is to come true.

In days of old the great prophets were guided by visions. God's call to Isaiah was answered by an unflinching "Here I am; send me." Ezekiel, gazing into the valley of dry bones, knew that they would live again. Daniel visioned salvation for his people. Saul, on the way to Damascus, heard the voice of God, and arose Paul, the great Apostle. Our Pilgrim Fathers were led by visions to a new land. The men who framed our Constitution envisioned a nation dedicated to the common welfare. Today we still have the vision, we believe and know that the attainment of these objectives lies in the hands of our people if they will but awaken and so dedicate themselves.

The hope of all nations lies in their youth. Old is the saying, "Give me the child until he is 8, and I will show you the man." The child, hardly beyond his mother's knee, is already molded in the form which will influence his entire life. Can we not revive in the mothers of our land a keener sense of responsibility for the faith, the love, and the devotion to service that should actuate the lives of our children, our future citizens?

Faith in the goodness of things, joy in service and obedience to authority should be the ideal of every child; his daily life one of unfolding accommodation to living, playing, and working with others, to learning consideration and protection for the weak, and to the development of his own powers as a valuable contribution to the life of all.

Decent homes are necessary, adequate food and clothing. Let us remember that many of our foremost citizens came from humble homes of poverty, but homes directed by honest and God-fearing people. Luxury and ease are often handicaps to children unless hand in hand with a strong sense of responsibility. Love of coun-

try is as natural as love of a nation's heroes—heroes of peace as well as of war.

Each community is responsible for its children and should provide outlets for their energies and needs. In some communities the church still ministers to unfortunate families, provides homes for neglected children and for the aged. Would that the people of every community felt these to be their special privileges.

Get closer to the children, know what they are thinking, what they are learning, in school and on the street. Insist upon teachers who know what America stands for and who believe in her high ideals. America is still free to train her children as she will.

The very vastness of the need today is a challenge and a pledge that there is work for all to do. See that youth is prepared and he will find his place. The young dream ardently and impulsively, lacking the wisdom born of experience. Any program for youth must have a challenge—be alluring, dramatic, consuming. It must appeal to the heart, furnish individual initiative and define a task to be done. Restless youth can no longer ship before the mast, or carve new fortunes out of the West. But there are greater adventures near at hand.

A study of summer camps erected by the Communist groups will reveal an intense and exciting program attractive to youth. Can we not give direction to youth that will fire him with equal zeal and also furnish him with a congenial task which he can perform? We cannot relinquish our place to the builders of class hatred, to the destroyers of the very woof and fiber of our best traditions. I maintain that the opportunity is ours if we have the vision and the will to give freely of ourselves and of our resources. And I have confidence that this can be done.

The Chicago Boys' Clubs have an enviable record for citizen initiative, and prove that wholesome recreation acts as a deterrent to crime; add to this a definite program of activity calling for initiative and a sense of usefulness and achievement, and what changed lives will follow!

In the most congested and underprivileged districts of Chicago the boys' clubs last year provided camps, contests, and supervised sports for 16,000 boys. During that time less than a dozen of their number got into trouble with the law. One of these clubs is in a district where 50 percent were formerly juvenile delinquents. Does this mean anything to us? The average cost per boy was $3 per year—one one-hundredth of the cost of keeping a boy in jail for the same period. But that is only the financial consideration. Who can estimate the moral and spiritual gain to the boy and to the Nation?

Ninety dollars will keep a child in school; $300 is the prison cost. We spend one and a half billions annually on detention and maintenance of prisoners, only two hundred millions less than it costs to educate 26,000,000 school children. Thirteen billions a year, or $22,800 every minute, is the estimated tax laid unofficially by crime on the people of the United States—its only return being "bigger and better."

Thirteen billion dollars. Twice what the Federal Government spent in 1935. Can there be any logic in spending more for crime than is being expended for education and for the development of what is best in youth?

Five boys recently sentenced to 243 years for shooting a shopkeeper will cost the State $100,000 if they serve their full term. Is it not an indictment of our intelligence that we permit these conditions to exist when it is so clearly demonstrated what we might be doing for the betterment of youth had we the vision and the will?

We who are here today know of lives shattered and health ruined by the World War, we know of a generation handicapped by the loss of its ideals and of its youth; we see the world the poorer for it. Today our problem concerns another generation of youth. Are they, also, destined to be lost, for lack of vision and want of leadership?

In the year 1930 America had 6,000,000 young people between the ages of 14 and 24 who were out of school and with no work. The number is larger today. Between the ages of 18 and 20 alone, 3,000,000 are unable to find employment, and unable or unwilling to attend school or college.

They are speaking of themselves as the lost generation. Can this condition be permitted to continue? Not if we have the vision.

Bewildered and discouraged and lacking knowledge of fundamentals, youth offers fertile soil for the shrewd propaganda of dangerous social and political theorists, who lose no opportunity for sowing the deadly seeds of discontent and revolution. These propagandists have work for everyone, also an ample fund from which to provide for scores of companions in revolt. If we are to be fortified against a youth movement which may destroy our "treasure chest" of sacred ideals and set civilization back unknown ages, let American citizens look to their homes and their communities, and be swift to provide character training and occupation for their youth.

The C. C. C. camps have been an untold blessing to our land, offering food, shelter, and constructive work to homeless youth, while providing relief for his or another needy family. A marvelous concept put into ready action by the preparedness of our peace army. A chance to work, a chance to play, and a chance to dream, with faith in those about him, and the gangster's halo quickly fades.

Boy and Girl Scouts, community clubs, our own C. A. R. chapters, Girl Homemakers, and Sons and Daughters of the United States of America furnish opportunity for initiative and leadership if only we have the vision of the America of our dreams.

Much community betterment could be brought about by youth organized for local service under inspired leadership.

Of leadership we have great need, for much is required of a leader today. Tact and grace and understanding are vital, as are also selflessness in service and ability to unite workers for a common cause and for the common good. Leadership in children is frequently manifest at an early age. It should be intelligently directed and tenderly guarded. Our country has need of them.

Training in statesmanship is quite as vital as training for citizenship. Service to the State should be a life profession expertly trained. The State Department guards the Nation's welfare and promotes just dealing with other nations. Should this Department fail, the Army stands ready to restore the peace. A training school comparable to West Point or to Annapolis should train citizens in the affairs of nations. The Bonar Law School, founded in England in 1929, provides young Englishmen with training in diplomacy and statesmanship. A sound foreign policy can be based only on an understanding of the problems and purposes of other nations.

It is regrettable that the cause of peace has suffered by well-intentioned, impractical zealots who would disarm their own country as "an example to the world." They encourage youth to have "conscientious scruples" against the defense of country; they advocate the abolition of military training camps; they shut their eyes to the world as it is, and believe that disarmament would assure peace to America; they unite with those who would disarm America first and to make her destruction sure.

National defense is the peace policy of the D. A. R. We believe in an Army, a Navy, and an Air Corps adequate to the needs of the Nation and in keeping with the acts of Congress. "To provide for the common defense" is one of the prime purposes of Federal Government. We rejoice that the present Congress has seen fit to make appropriations in keeping with the programs for an efficient Army and an adequate Navy. Years of neglect, while we hoped and vainly waited for reduction in the forces of other countries, are responsible for our programs of today. America is not and never has been a militaristic Nation. She has worked diligently for better understanding and the amicable settlement of disagreements. She must be prepared to defend herself and to keep alive her principles against enemies without, as well as those within her gates.

Misled youth of today is pledging itself never to fight for country; it is lending ear to those who say democracy has failed—there must be a new social order. Under the leadership of elements positively opposed to our constitutional government youth all over this country is demonstrating what they call as "peace strike." On Wednesday of this week they march out of their classrooms to show what they will do if their country ever calls them to the service of the Stars and Stripes. Their protest this year is particularly directed against the Reserve Officers Training Corps, for they say that there cannot be real freedom for their program while an R. O. T. C. exists on a college campus.

I beg you to study their program—a program that cannot coexist with training and loyal defense of country—and help these youth of America. No ironical paradox is it (as some would have us believe) that the D. A. R. are opposing the revolution which radicals would force upon us today. Our ancestors, though leaders of the American Revolution, builded on firm foundations long in the laying; they builded carefully and well and destroyed nothing. The revolutionists of today would first destroy morals and religion (which they term the opiate of the people), then the whole fabric of constitutional government, while property and homes would follow in the discard. As distant as the North Pole from the South is their philosophy foreign to ours. We need this knowledge and by it set our course. Have we the vision? Have we the will to conquer?

Do we concede that democracy has failed; that our people can no longer govern themselves; that security is a surer goal than liberty? Are we ready for dictatorship under whatever name it may be termed? Because we see the nations of the world, one by one, reverting to type, do we need to fear for democracy? America's sacred heritage, her "treasure chest", is freedom, is faith in God and fellow man. Let us be true to the type of our ancestors. Let the hardihood, the vision, and the will that made justice and equal opportunity the watchwords of every household find root again in millions of American homes. Let every community accept responsibility for its citizens; let America dream again of the great humanities, which alone can save her and reawaken zeal to labor for her ideals.

Read the Epic of America by James Truslow Adams, and, catching the vision, do not let it go, "a land in which life shall be better and richer and fuller for every man, with opportunity for each according to his ability and achievement."

Larger conceptions, deeper convictions, definite goals are our needs today. We must not, dare not, let them go! We need to ask ourselves simply and seriously what we are living for. We have received a great inheritance. What are we doing with it? Can we return a hundred percent on our trust, or are we going to be fearful and lose that which we have gained?

Pericles aptly said: "It is not that they, the heroic dead, secure in their immortality, need temple or column to perpetuate their fame or regard their virtues, but because, through admiration of what is heroic, men rise to higher levels." Have we, perchance, cultivated the spirit of things and neglected the things of the spirit? Much we have worshiped has turned and betrayed us. How is the Nation to use its bounties? Great possessions entail grave responsibility.

Issues today are beyond the purely economic. They affect the fundamental concepts of government, of society, of democracy, of liberty. Somehow we must hear all sides of a question and have the vision to see through the clouds.

Washington visioned a united people. Jefferson visioned the dignity and perfectability of the individual. Emerson pointed out that the antidote to all the failures of government is "in the growth and strength of the individual—in the substance of his character, in his ideals and his will. To develop the individual the state exists, and as he is so is the state."

Not in material wealth nor in fertile fields, but in the quality of its manhood and its womanhood is a nation great.

We have pledged ourselves to a program for youth. This old world is crying aloud for the things of the spirit, for first things first. A nation founded on things of the spirit needs but to catch the vision of the gifts that are here, of the heights still to be scaled, of the opportunities that still remain.

America, the land of opportunity! So visioned by the brave men and women who (out of a wilderness) carved this new land! So cherished by the signers of the Declaration of Independence! So destined by the framers of our Constitution and all who on its principles have builded a Nation that is still the hope of the world!

America still the land of opportunity if we but have the vision and the will!

Without vision the people perish.

TELL THE PEOPLE—EDITORIAL BY WILLIAM E. CHILTON

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Charleston Gazette, under the heading "Tell the People", which was written by a former distinguished Member of this body, Hon. William E. Chilton.

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

[From the Charleston (W. Va.) Gazette of Apr. 26, 1936]

TELL THE PEOPLE

Were they living today, Thomas Jefferson, Andrew Jackson, Abraham Lincoln, Woodrow Wilson, William Jennings Bryan—all the leaders of the people, who, we feel, studied history, human nature, and the movements of people in groups and as individuals, would have their battles to fight over, upon the progressive principles which they fairly burned into the political thought of their times. The difference would be only in the details, the weapons, and the battleground. "Truth crushed to earth will rise again." It cannot be so deeply buried as to prevent resurrection nor so badly whipped as to deaden its eternal spirit and purpose.

Till May 12 the two leading political parties—and until the November general election, the voters will be facing efforts to evade or to accept, to deny or to recognize, to obscure or to proclaim, to crush or to enthrone the handmaid of justice, truth. In the language of the poet, "He is the freeman whom the truth makes free."

If you chafe at the "preacher" tone of these remarks, let us remind you that this is the supreme occasion for serious reflection, lest the bad plight from which the country is recovering at rapid strides be precipitated upon us again and we be relegated to that field of want, depression, doubt, and uncertainty upon which we turned our backs 4 years ago.

Now, let us consider the undisputed facts. It will be impossible for the Republican Party to destroy the New Deal, even should it accomplish the improbable—elect a President. Now, the Senate is two-thirds Democratic; besides, there are listed as Republicans such men as JOHNSON, LA FOLLETTE, and NORRIS, who agree with the progressive policies of Roosevelt and have given support to the principles of the New Deal. It thus can be seen from a plain statement of the facts that a change of Presidents now would throw the country into that most unfortunate of all governmental situations, to wit, a President of one political party without a Congress to back anything which that new President might want to do; on the contrary, a Congress committed against him. Congress, we must keep in mind, consists of both a Senate and House, and even if the Republicans should carry the House—a very improbable eventuality—nothing affirmative could be hoped for with a Senate alined as it is now; and the time spent from March 1933 to January 1937, when the new President would come in, will have then appeared merely as a target for the gunner's greed.

We are always assuming that the voters of the United States have their eyes to the future and their faces to the front. But let us suppose that the Republicans should carry the next Presidency and both branches of Congress. We are wondering whether or not there is any candidate for public office who will answer the following queries now in the minds of the people:

1. Would they abandon the effort to feed the children, women, and men who, without help from the Government, must suffer?

2. Will any of these candidates say frankly to the people that they favor and will support a program of repealing all of the New Deal measures upon the ground that they are erroneous or unconstitutional? To put it another way, the Supreme Court having held that it has the power to decide and declare that an activity of the people is exclusively a State matter, as the Court did in the A. A. A. decision, would any candidate on the side opposed to Roosevelt be in favor of declaring void, or repealing by legislative enactment, any of the New Deal laws which come under the aforesaid category? These are natural, pertinent questions for the people to pass upon if the criticisms of candidates in the field and the voluntary advisers, such as the Liberty League, mean what may be fairly deduced from their utterances. A criticism which does not mean a purpose toward betterment is a waste of words.

3. Will any of the candidates now wearing out shoe leather, consuming gasoline, and straining vocal chords in criticism, come down definitely to ground on any feature of the New Deal and declare for its repeal, or for urging the Supreme Court to declare it unconstitutional? Laws affecting labor, housing, improvement of navigable rivers and using those improvements for flood control, helping the unemployed, the homeless, and the helpless, are these under the ban? Who will so commit himself? Will any of the aforesaid critics come out definitely against the guaranty of bank deposits? Will any of them come out and declare in favor of putting gold back to the point where it was when Mr. Hoover was President, and turning the more than ten billions of gold which President Roosevelt has locked up back into general circulation, so that the real authors of war, the speculators in gold, can bring on war by means as old as political and money kings?

It is a fact, demonstrated by the current diplomatic events in Europe, that any kind of a general war in Europe is now almost impossible, because the international financiers, who make money out of war, will not give consent so long as at least half of the money gold of the world is withdrawn from this secret manipulation of money for selfish purposes. Oh, what a big question this is. The people do not want war; and who does not know that the European nations cannot fight unless the financiers of war profiteers and the remnants of old royal families can speculate and get gold.

Think over the retired royal families of Europe. Take the English house of Stuart, the last reigning member of which was Queen Ann, who died in 1714, when a new line of kings, beginning with George I, took the throne of England. This old Stuart family got a haven in France under the Bourbon kings. It had two pretenders, the old and the young. The young pretender fought the great Battle of Culloden and lost, but the family is still organized and very recently had a meeting of that clan in London; and they have resources. The Kings of Spain, who were abolished by that country, have great resources, so have the claimants to the throne of France, under different houses; they all have money or resources. The house of Hohenzollern is organized and has vast resources. There are many other royal families in Europe who are organized and keep up the old custom of having dukes, earls, landgraves, counts, and so on. They have nothing that is valuable to humanity but patience.

If these royal claimants, all of them, conspiring against government by the people, can get a chance to put their resources together and grab with it enough of the world's gold to finance war, there will be war sooner or later. They want gold so that they can live in any country while scheming for power.

Assuming that the people of the United States do not want war and do not relish anything that would either provoke war or encourage it, it can be seen that the policy of President Roosevelt regarding gold has been the greatest insurance policy for peace that has ever been devised by human government. It does not lessen the money in circulation in the United States, but it does hold gold for the time being away from the speculators in life and blood. Would any of the opposing candidates say that they are against the President's policy regarding gold, and that they would change the legislative and the Executive order which, while not decreasing the circulating medium of the United States, still holds that god of kings and royal families, of international financiers, and war profiteers in such a position that it cannot finance war. These pretenders to royal blood, claiming divine right to rule over unwilling people, know little about American finance, and they want money which they can hoard and that will be good in any land of Europe at any time. This is a mere obsession of royalty and big financiers. Our Supreme Court has settled that question for this country, as the Constitution in clear words provides. Money in this country is what Congress says shall be money, and the United States is free from the superstition that gold is natural money.

When the American people think, as we believe they are thinking now, and consider that all the money gold in the world is not sufficient to pay 1 year's interest, at 4 percent, on the private debts of the people of the United States, and the debts of the National Government, the States, counties, and municipal corporations, they will easily comprehend that the gold standard, as understood by Mr. Hoover, Mr. Coolidge, and Mr. Harding, would put this country in the helpless position of having to pay in money which does not exist and cannot be obtained.

We now ask the question, Would any of the critics of Mr. Roosevelt, or those who are demanding a change and are candidates for office, come out and declare that they would wipe out the legislation and the Executive orders of the present administration which have freed the American people from the slavery of gold, at least during the process of business recovery? Who is so bold as to commit himself to that old policy of monarchs that made gold the regulator of the prices of commodities and the wages of labor?

CATASTROPHE RELIEF LOANS BY RECONSTRUCTION FINANCE CORPORATION

Mr. WALSH. Mr. President, I ask unanimous consent to have inserted in the RECORD information furnished by the

Reconstruction Finance Corporation in reference to the method of obtaining loans for people who have been affected by the recent floods.

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

INFORMATION REGARDING CATASTROPHE RELIEF LOANS

The Reconstruction Finance Corporation, pursuant to the provisions of Public, No. 160, Seventy-third Congress, approved April 13, 1934, as amended, is authorized, through such existing agency or agencies as it may designate, to make loans to corporations, partnerships, or individuals, municipalities, or political subdivisions of States or their public agencies, including public-school boards and public-school districts, and water, irrigation, sewer, drainage, and flood-control districts for the purpose of financing the repair, construction, reconstruction, or rehabilitation of structures or buildings, including such equipment, appliances, fixtures, machinery, and appurtenances as shall be deemed necessary or appropriate by the Reconstruction Finance Corporation, and for the purpose of financing the repair, construction, reconstruction, or rehabilitation of water, irrigation, gas, electric, sewer, drainage, flood-control, communication, or transportation systems, highways, and bridges damaged or destroyed by earthquake, conflagration, tornado, cyclone, hurricane, flood, or other catastrophe in the years 1935 or 1936, and for the purpose of financing the acquisition of structures, buildings, or property, real and personal, in replacement of structures, buildings, groins, jetties, bulkheads, or property, real and personal, destroyed or rendered unfit for use by reason of the catastrophe, when such repair, construction, reconstruction, rehabilitation, or acquisition is deemed by the Reconstruction Finance Corporation to be useful or necessary, said loans to be so secured as reasonably to assure repayment thereof.

ELIGIBILITY

The Reconstruction Finance Corporation will consider applications for loans presented by individuals, partnerships, or corporations, or by municipalities, or political subdivisions of States or their public agencies, including public-school boards and public-school districts, and water, irrigation, sewer, drainage, and flood-control districts, for the purpose of financing the repair, construction, reconstruction, rehabilitation, or acquisition of structures, buildings, or property, as referred to in the preceding paragraph, damaged or destroyed by catastrophe in the years 1935 and 1936. The Reconstruction Finance Corporation will determine from the facts and circumstances in each particular case when rehabilitation is "useful or necessary", and under what circumstances the loan is "so secured as reasonably to assure repayment thereof."

AMOUNT

Loans will be limited to an amount reasonably required to accomplish the purposes for which they may be authorized.

SECURITY

The act authorizing Reconstruction Finance Corporation to make these loans requires that they shall be collateraled:

(a) In the case of loans for the acquisition, repair, construction, reconstruction, or rehabilitation of private real property, by the obligations of the owner of such property, secured by a lien thereon;

(b) In case of loans for the repair, construction, reconstruction, or rehabilitation of privately owned water, gas, electric, communication, or transportation systems, by the obligations of the owners of such water, gas, electric, communication, or transportation systems, secured by a lien thereon; and

(c) In case of loans for the repair, construction, reconstruction, or rehabilitation of property of municipalities or political subdivisions of States or of their public agencies, including public-school boards, and public-school districts, and water, irrigation, sewer, drainage, and flood-control districts, by an obligation of such municipality, political subdivision, public agency, board, or district, payable from any source, including taxation or tax-anticipation warrants.

In the case of loans in connection with personal property, the specific requirement in regard to collateral will be determined in each case as presented. The act requires that all such loans shall be so secured as reasonably to assure repayment thereof.

TERM OF LOAN

The collateral obligations shall have maturities not exceeding 10 years in case of loans made under subparagraph (a) above and not exceeding 20 years in case of loans under subparagraphs (b) and (c) above.

In the case of loans made in connection with personal property, the collateral obligations shall mature at such time or times as the Reconstruction Finance Corporation may determine, and where not otherwise prescribed in the act, not later than January 31, 1945.

INTEREST

The interest rate will be 4 percent per annum.

The following sections of Public, No. 160, Seventy-third Congress, as amended, are applicable to loans referred to in this circular:

"An act relating to the authority of the Reconstruction Finance Corporation to make rehabilitation loans for the repair of damages caused by floods or other catastrophes, and for other purposes

"*Be it enacted, etc.*, That the act entitled 'An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes', approved April 13, 1934, as amended, is amended to read as follows:

"'That the Reconstruction Finance Corporation is authorized and empowered, through such existing agency or agencies as it may designate, to make loans to corporations, partnerships, or individuals, municipalities or political subdivisions of States or of their public agencies, including public-school boards and public-school districts, and water, irrigation, sewer, drainage, and flood-control districts, for the purpose of financing the repair, construction, reconstruction, or rehabilitation of structures or buildings, including such equipment, appliances, fixtures, machinery, and appurtenances as shall be deemed necessary or appropriate by the Reconstruction Finance Corporation, and for the purpose of financing the repair, construction, reconstruction, or rehabilitation of water, irrigation, gas, electric, sewer, drainage, flood-control, communication, or transportation systems, highways, and bridges damaged or destroyed by earthquake, conflagration, tornado, cyclone, hurricane, flood, or other catastrophe in the years 1935 or 1936, and for the purpose of financing the acquisition of structures, buildings, or property, real and personal, in replacement of structures, buildings, groins, jetties, bulkheads, or property, real and personal, destroyed or rendered unfit for use by reason of the catastrophe, when such repair, construction, reconstruction, rehabilitation, or acquisition is deemed by the Reconstruction Finance Corporation to be useful or necessary, said loans to be so secured as reasonably to assure repayment thereof.

"'Obligations accepted hereunder shall be collateraled—

"'(a) In the case of loans for the acquisition, repair, construction, reconstruction, or rehabilitation of private real property, by the obligations of the owners of such property, secured by a lien thereon;

"'(b) In case of loans for the repair, construction, reconstruction, or rehabilitation of privately owned water, gas, electric, communication, or transportation systems, by the obligations of the owners of such water, gas, electric, communication, or transportation systems, secured by a lien thereon; and

"'(c) In case of loans for the repair, construction, reconstruction, or rehabilitation of property of municipalities or political subdivisions of States or of their public agencies, including public-school boards and public-school districts, and water, irrigation, sewer, drainage, and flood-control districts, by an obligation of such municipality, political subdivision, public agency, board, or district, payable from any source, including taxation or tax-anticipation warrants.

"'The collateral obligations shall have maturities not exceeding 10 years in case of loans made under paragraph (a) of this act, and not exceeding 20 years in case of loans under paragraphs (b) and (c) of this act.

"'The Corporation shall prescribe such regulations as will most effectively expedite the repair, construction, reconstruction, and rehabilitation provided for by this act and effectively carry out the emergency-relief purposes of this act.

* * * * * * *

"'The aggregate of loans made under this act shall not exceed $50,000,000.'

"SEC. 2. The title of the said act is amended to read as follows: 'An act authorizing the Reconstruction Finance Corporation to make loans for the repair of damages caused by floods or other catastrophes, and for other purposes.'"

POLITICS IN RELIEF

Mr. HOLT. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Washington Post, by Dr. George Gallup, relating to politics in relief.

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

[From the Washington Post]

POLITICS PLAYS A ROLE IN RELIEF, SAY VOTERS IN NATIONAL POLL—SOUTH AND FAR WEST DISAGREE WITH EAST—FIFTY-FIVE PERCENT THINK RESPONSIBILITY FOR AID SHOULD BE TURNED BACK TO STATE AND LOCAL GOVERNMENTS; 45 PERCENT SAY "NO"

By Dr. George Gallup

NEW YORK, April 25.—Approximately 6 out of every 10 Americans, on the average, think that politics influences the handling of Federal relief funds in their localities. Nearly half the people receiving relief admit it. A fair-sized majority of Democrats believe it. A huge majority of Republicans are convinced of it.

These facts were brought out by a nonpartisan, Nation-wide poll of all classes of voters which has just been completed by the American Institute of Public Opinion. Whether the voters are right or wrong in thinking that politics colors relief is no concern of the institute. Its poll simply shows that this is what the people of the country believe.

The question voted on by thousands of persons—Republicans and Democrats, rich and poor, farmers and city folk—in every State in the Union was this:

"In your opinion, does politics play a part in the handling of relief in your locality?"

"Yes", said 65 percent.
"No", said 18 percent.
"No opinion", said 17 percent.

Relief has been called the national issue. It affects everybody. To the needy and destitute it means life itself. From the rest of the population it means a steady drain of cash.

Relief, as everybody knows, has also become a bitterly partisan issue. The poll reported today reveals for the first time the extent of the split among the three regular parties.

Asked whether they thought politics influences the handling of relief in their own localities, voters of the three chief parties replied as follows:

	Yes	No	No opinion
Democrats ..... percent	55	25	20
Republicans ..... do	80	8	12
Socialists ..... do	77	9	14

Note that there is a difference of 25 points between the Democratic and Republican vote.

The Institute of Public Opinion also sounded out the opinion of those most concerned with this particular problem—persons on relief. It found that 49 percent—nearly half—believe there is politics in the handling of Federal donations, 25 percent did not think so, and 26 percent had no opinion.

OPINION FOUND UNIFORM

Opinion on the question of politics in relief is fairly uniform throughout the country. A majority of voters in every State of the Union, except Kentucky, voted "yes" when asked if they thought politics influenced Federal donations in their localities. The affirmative vote in the Southern States, which are known to be loyally Democratic, was in some instances higher than the vote of the New England States, which are Republican today. For instance, 83 percent of the poll voters in Arkansas said there was politics in relief, and 75 percent in Mississippi, whereas the comparable vote in Vermont was only 51 percent and in New Hampshire 63 percent.

More than half of the number of persons on Federal work relief live in 11 heavily populated States. These 11 States account for approximately 2,245,763 out of a total of 3,861,586 work-relief cases, or about 58 percent, according to figures recently released by the W. P. A. Here is how the 11 States with the largest number of cases voted in the poll today on the question of politics in relief:

Politics in relief

	Yes	No	No opinion
States with largest number of work-relief cases:			
New York ..... percent	68	16	16
Pennsylvania ..... do	67	18	15
Illinois ..... do	60	18	22
Ohio ..... do	67	15	18
California ..... do	65	13	22
Texas ..... do	68	17	15
Massachusetts ..... do	72	14	14
Michigan ..... do	63	10	27
Missouri ..... do	63	23	14
New Jersey ..... do	78	12	10
Oklahoma ..... do	71	19	10

FARM VOTE VERSUS CITY VOTE

One of the most interesting facts uncovered by today's poll was that voters in rural areas—in hamlets, on farms, and along the country roads—are more convinced than persons in urban areas that there is politics in relief. The rural vote affirming this belief was 70 percent, whereas the comparable vote for the 10 largest cities in the land averaged only 61 percent.

There may be several reasons for this. The first is that the farmer's gorge probably rises if he finds a "city slicker" in a nearby town receiving relief money without working. A second reason is that the rural population is likely to take a greater interest in what goes on in its locality than people in a busy, crowded city where families sometimes never meet their next-door neighbors. Hence the average citizen's opportunity for first-hand knowledge of relief methods is probably greater in the rural areas than in the big cities and if politics exists he will be quicker to spot it.

In previous polls conducted by the institute the young voters of the Nation have been pretty consistently pro-administration. In fact, the young vote is one of Mr. Roosevelt's chief sources of political strength and polls have shown that the Republicans must develop an appeal to this group (and others) if they hope to win. Today's poll indicates that relief may offer the G. O. P. a convenient handle for this purpose.

RESULTS OF NATIONAL POLL ANALYZED

Question 1. In your opinion, does politics play a part in the handling of relief in your locality? Yes ———. No ———. No opinion ———.

The national vote: Yes, 65 percent; no, 18 percent; no opinion, 17 percent.

	Yes	No	No opinion
The vote by States:			
Arkansas ..... percent	83	14	3
New Jersey ..... do	78	12	10
West Virginia ..... do	77	13	10
Louisiana ..... do	76	9	15
Rhode Island ..... do	76	14	10
Connecticut ..... do	75	14	11
Mississippi ..... do	75	14	11
Washington ..... do	73	12	15
Massachusetts ..... do	72	14	14
Oklahoma ..... do	71	19	10
New Mexico ..... do	71	18	11
Kansas ..... do	70	20	10
Minnesota ..... do	69	17	14
Arizona ..... do	69	19	12
Maine ..... do	68	17	15
New York ..... do	68	16	16
South Dakota ..... do	68	20	12
Texas ..... do	68	17	15
Wyoming ..... do	67	27	6
Idaho ..... do	67	21	12
Florida ..... do	67	15	18
Alabama ..... do	67	13	20
Ohio ..... do	67	15	18
Pennsylvania ..... do	67	18	15
California ..... do	65	13	22
Tennessee ..... do	65	22	13
Virginia ..... do	65	17	18
Nebraska ..... do	65	20	15
Nevada ..... do	63	24	13
South Carolina ..... do	63	23	14
Missouri ..... do	63	23	14
Indiana ..... do	63	21	16
Michigan ..... do	63	10	27
New Hampshire ..... do	63	9	28
North Dakota ..... do	62	30	8
Iowa ..... do	62	22	16
Delaware ..... do	61	23	16
Wisconsin ..... do	61	21	18
Illinois ..... do	60	18	22
Georgia ..... do	60	21	19
Colorado ..... do	59	28	13
Maryland ..... do	58	18	24
Utah ..... do	56	27	17
Oregon ..... do	56	23	21
North Carolina ..... do	55	18	27
Montana ..... do	52	17	31
Vermont ..... do	51	38	11
Kentucky ..... do	43	27	30
Parties:			
Democrats ..... do	55	25	20
Republicans ..... do	80	8	12
Socialists ..... do	77	9	14
Groups:			
Reliefers ..... do	49	25	26
Farmers ..... do	70	19	11
Women ..... do	58	17	25
Young people ..... do	60	14	26

THE AMERICAN WAY FORWARD—ARTICLE BY JACKSON H. RALSTON

Mr. SHIPSTEAD. Mr. President, since the foundation of the Union, our system of taxation has always contrived to shift the burden from the privileged few to the backs of the consuming masses. It is a vital and threatening issue before the National Government and every State as well.

Judge Jackson H. Ralston, known and respected by many of us for many years as an authority and author upon international law, an able economist and sincere patriot, has written a short article on the tax situation in California which is of universal application and interest. It is titled "The American Way Forward", and I ask unanimous consent that it be inserted in the RECORD.

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

THE AMERICAN WAY FORWARD

By Jackson H. Ralston

What shall we do about the increasing tax burden?

We authorize our local, State, and Federal Governments to do a thousand things absolutely necessary to protect our lives, health, and property and care for the destitute, without which services civilization would collapse; services which private enterprise cannot and will not perform, but which cost money.

On the other hand, mounting taxes are proving ruinous to millions of farmers, workers, business and professional men; are hampering honest, constructive, individual enterprise; and are blocking recovery.

What is the practical answer to this impasse?

It is self-evident that every man should pay for the support of government in direct ratio to the cash and other benefits he receives from government. It is axiomatic that no man should be permitted to "pass on" his just taxes and make other men pay them.

No one will deny the justice of these propositions. Yet, this is exactly what our cleverly devised tax system has been doing for a

century. We are now paying the disastrous penalty. The latest device to "shift" the tax load from the few to the many is a "sales tax."

In California this tax originally was 2½ percent on all sales with a promise that by June 1935 it would be reduced to 2 percent. That promise was violated. The tax is now 3 percent on all sales except gasoline, on which there is a special tax of 3 cents per gallon, and an exception of foodstuffs except when sold in restaurants.

PURPOSE AND EFFECT OF THE SALES TAX

As a matter of fact, the real purpose of this tax was to cut down the taxes of the wealthy on the plea that real estate was overburdened. How it has worked out is a matter of common knowledge. State Comptroller Riley, who ought to know, says, "There is some justification for the statement that this small home owner has not been helped to the same extent as the large landowner" and gives figures to prove it.

Again, Professor Staffelbach, director of research, California State Teachers Association, reported in January 1935:

"The general sales tax is a form of taxation which constitutes a 'throw-back' to forms of taxation which were in effect before the French Revolution, and which it took a revolution to overthrow. It is completely the reverse of the ability-to-pay theory, in that it taxes poverty and tends to exempt wealth and ability to pay. * * *

"Citizen A and citizen B pay exactly the same percentage sales tax. Citizen A is forced to spend all of his $1,000 income; therefore he pays a tax on his entire income. Citizen B saves 90 percent of his income, which thus escapes taxation. He spends $10,000, on which he pays a tax of $250. The absolute nonconformity of this method of taxation with the ability-to-pay theory is apparent on the face of it. * * *

"The popularity of the sales tax is probably to be explained upon the ground of the sureness and the quality of the revenue it produces. The payment of the tax is so insidiously gradual that it is seldom seriously felt at any one time. The toll it takes is, however, none the less sure; and its effects upon the living standards of the people cannot be escaped. In many States, as in California, the sales tax has been the expedient used to bring relief to real and personal property. Real-estate men, as a general thing, have sponsored the sales tax in the belief that it would bring tax relief to home owners, farmers, etc. A little study will reveal that nothing could be further from the truth. * * *

"The only true relief brought to real-estate owners in California by substituting $100,000,000 in sales taxes for $76,000,000 in real and personal property taxes is to be found in the cases of large real-estate speculators whose real-estate holdings are large and whose payments in sales taxes will be relatively small. However, neither the future of the country nor the future of the real-estate business can safely depend upon the operations of such speculators."

Again, Prof. R. M. Haig, of Columbia University, recent adviser to the California Tax Commission, very forcibly expressed himself, as follows:

"Any politician who has the interest of the small home owner and rent payer at heart cannot sincerely and consistently urge the substitution of general sales taxes for real-estate taxes. So far as I am aware serious students of public finance are unanimous in the opinion that sales taxes are regressive in their tendency and effect. * * * To propose the substitution of general sales taxes for taxes on real estate as a measure of relief for the small man is an insult to the intelligence and an affront to common sense."

A sales tax is, of course, simply an additional open tax levied on top of a series of other tax items concealed in the price of any article you purchase, all of which are really sales taxes. These taxes add to the price of everything you purchase for your personal use, whether it be a house, an automobile, farm implements, store fixtures, clothing, food, or anything else. High prices prevent the people purchasing goods for their necessities or desires, slow down business, manufacturing, and the employment of labor. Manifestly, its abolition will speed up business, manufacturing, and the demand for labor will increase. That is the purpose of the constitutional amendment before the people, the text of which is printed at the end of this article.

Where, then, are we to get the money to finance our necessary Government activities? There is a way, based on the fundamental American principle of equal justice to all and special privileges to none. It will provide ample funds without wronging anybody.

RESULTS OF THE EXPENDITURE OF GOVERNMENT MONEY

Governments use the taxpayers' money, among other things, to build schools, roads, streets with sidewalks, sewers, arterial highways, and whatnot. These are essential services. But what happens? Land values instantly rise, as you soon discover if you try to buy a lot or a farm where these public improvements have taken place.

Hence, a special and privileged part of the community is benefited at the expense of the vast majority. Certainly this result is not a benefit to the dirt farmer or the would-be home builder. The persons benefited are the real-estate speculators who get something for nothing. It is proposed to start taxing these unearned increases in land values into the Public Treasury.

BENEFITS TO WORKING FARMERS

We are told that while the amendment might work well in the cities of California it will not work in the farming communities. This is untrue except in the case of a so-called farmer or speculator or the holder of great natural resources. Upon the speculator we need waste no sympathy. He has hoped to gain through the rise in land values something to which he has contributed nothing. He may even be a nonresident. The great landholders who hold blocks of territory out of development containing natural resources, in some cases of almost inestimable value, have found their taxes largely diminished with the sales tax. We would correct that situation.

The active, industrious working farmer will find that the proposed system will diminish his taxes, for it provides that buildings, farm machinery, improvements, and tangible personal assets are to be freed from taxation. He has, therefore, everything to gain.

A TAX THAT CANNOT BE SHIFTED

The landowner, whether an individual, estate, or corporation, gets all that can be had for the use of any land site. The gross rental value of the land site includes all the taxes on the land. The net rent, that which remains after all taxes have been paid, gives the land site its capitalized or selling value. People who buy or speculate in land buy or deal in the net or potential net rent that should go into the Public Treasury. The more of this flow of wealth diverted to government by taxation the less net that flows to the landowner as such. So we again emphasize that the more ground rent taken by government the less taxation that will be necessary on the goods and commodities people buy in retail stores. The less taxes in the price of goods, the greater quality and variety of goods and commodities that can be purchased. The more items of goods the more employment, since labor is required to produce each item. The more labor the more volume for all businessmen.

There is one best place to put taxes, and that place is not on land areas or merely land as such, but on the value of land. Owning land is a privilege given by the people. The value of land sites for use measures the value of the privilege. One acre in the heart of a city, or containing oil or mineral may be more valuable and produce more taxes than a thousand or more acres of ordinary farm or vineyard land. If the landowner is compelled to pay for the privilege which he holds, as proposed by this amendment and since he holds it, why should he not pay? Then the people will not have to "pay it anyway." The landowner cannot "shift" this tax.

John Stuart Mill says: "A tax on rent falls wholly on the landlord. There is no means by which he can shift the burden upon someone else * * * A tax on rent, therefore, has no effect other than the obvious one. It merely takes so much from the landlord and transfers it to the State." But it does have another effect. It enables industry to enjoy a tax reduction on the production and distribution of goods.

WHAT MAY WE EXPECT?

Since valuable, idle, or improperly used land sites will be taxed at the same rate as well-developed land sites, landowners and land speculators holding land out of use for immediate or future gain will be forced by the pressure of the tax on the privilege they are holding, and which others therefore cannot use, to use it or let others use it. They cannot continue their dog-in-the-manger attitude. With the rules of the game as they are they might as well have the unearned gain as another; but with the rules changed, no one will be able to enjoy such gains at the expense of the rest of the people.

We can look forward to the fact that unused land will be called into use whether it be in the city or in the country; that it will be possible for hundreds of thousands of men to own and develop land now held out of use and development; that with their employment, the holding of land being rendered unprofitable, markets for our manufacturers and our productions of every nature will be infinitely enlarged; that there will be a new demand for capital and labor; that our inadequately improved land in the cities will blossom out into structures useful in themselves and useful as indicating an employed and happy community; that with the exemption of houses and tangible personal property from taxation and riddance of a sales tax, even if the rate on land values should only be doubled, the small taxpayer will find his burdens lessened.

Everybody knows that where there are no people demanding the use of land, land has no value. We quote a man who made money out of land speculation; Arthur Brisbane, the well-known editorial writer, is represented by a large Middle West real-estate concern, as follows:

"Land values are made by population. When populations grow, land values grow. I had a little money laid by. I invested it in the land of growing cities, choosing my investments on the advice of men who knew values, and of whose knowledge and integrity I first satisfied myself. I profited. Then I reinvested my profits. That is all there is to it."

But what do hard-working business and professional men who help create these values think of this method of getting rich? Suppose everybody tried it? Such speculators "grow richer, as it were, in their sleep without working, risking, or economizing."

It is because high prices of land are created by the progressiveness and industry of the people that a tax on these values of sufficient proportion to divert this flow of wealth to public uses is essential. It is essential not alone to relieve the present tax emergency, but because it is one of the most potent, permanent, and deep-rooted causes of depressions and panics.

Dun & Bradstreet just last year published a book by Mr. Ray A. Foulke, manager of its analytical report department, in which this expert shows his belief that many of the evil financial conditions

of the past few years "are direct results of the ever-recurring speculation in farm lands, suburban real estate, and city properties."

John Moody, publisher of the famous Moody Manuals, an eminent financial authority, says: "I know something about panics and their causes, and I do not hesitate to come out flat-footed and say that this is just the character of legislation which will tend to prevent panics, as well as to relieve congestion." He referred to a bill gradually reducing the rate of taxation on buildings and concentrating it on land values as the pending amendment does. And here we may call sharp attention to the fact that this new system, though beginning now, will not come into full effect for 5 years, thus giving business and industry ample opportunity to adjust themselves to the new order.

There is no known student of economics who defends the sales tax. On the other hand, the graduated land tax proposed in this amendment is endorsed by many eminent economists and public men.

There are many men and organizations over the United States working for this reform. In California it is being promoted by the Sales Tax Repeal Association, 83 McAllister Street, San Francisco, and the Citizens Tax Relief Association, 321 West Third Street, Los Angeles, where more comprehensive literature can be obtained.

PROPOSED CONSTITUTIONAL AMENDMENT

Article XIII

SEC. 11a. Abolishing certain sales taxes. That all sales taxes in any form which have been created on behalf of the State or any subordinate jurisdiction since the 1st day of January 1933, be and the same are hereby discontinued, and the imposition of any new sales tax in whatever guise hereafter is forbidden.

Article IV

That so much of section 34a in article IV of the Constitution as reads as follows:

"Not more than 25 percent of the total appropriations from all funds of the State shall be raised by means of taxes on real and personal property according to the value thereof" be and the same is hereby rescinded and canceled; and taxation upon real and tangible personal property shall only be limited for county or city and county purposes as provided in section 2a of article XIII.

Article XIII

SEC. 2a. For the encouragement of industry. For the purpose of encouraging the establishment of homes, and for the further purpose of ultimately freeing industry in its various forms as rapidly as possible from taxation, and to encourage production by levying proper taxation upon the common product of the whole State, its land values * * * it is provided as follows:

From the assessed value of the improvements now or hereafter assessed for taxation and included in any homestead, before collection of taxation, shall be deducted the sum of $1,000.

For the first fiscal year occurring after the adoption of this section, and for each of the 4 immediately succeeding years, taxes upon tangible personal property and upon remaining improvements in and on land levied by the several counties, cities, and other taxing districts of the State, shall be decreased in the proportion of one-fifth of their assessed value, and thereafter shall cease, land-value taxation being substituted. As far as necessary, limitations of the tax rate of counties, cities, and other taxing districts shall be raised proportionately to the amount that the assessed value of tangible personal property and improvements not taxed shall bear to the entire assessed value of property subject to taxation. This provision for the gradual exemption of tangible personal property and improvements from taxation shall also be applied to any tax levied thereon for State purposes.

Improvements are defined as including all structures of any kind in and on land, and all fencing, drainage and irrigation pipes, vineyards, orchards, growing crops, and the like, increasing the value of cultivated and usable land over unused or uncultivated land.

The provisions of this amendment shall control any case of conflict with any other section or articles of the Constitution.

FLOOD CONTROL—STATEMENT OF WALTER S. FENTON

Mr. GIBSON. Mr. President, I ask unanimous consent to have printed in the RECORD part of a statement before the House Judiciary Committee on the flood-control bill made by Walter S. Fenton, representing the State of Vermont.

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

STATEMENT OF WALTER S. FENTON, REPRESENTING THE STATE OF VERMONT, BEFORE THE HOUSE JUDICIARY COMMITTEE ON THE FLOOD-CONTROL BILL

This subject matter, particularly as it relates to interstate rivers which either run along our borders, like the Connecticut River, or whose sources are in our State, is one of very great interest to our people.

We fully appreciate the difficulties that our sister States have experienced, particularly during the last spring, because back in 1927 we went through a somewhat similar experience in a flood which was State-wide with us and which caused our little State a matter of some $30,000,000 damages. However, the problem with us is quite different from that of the States lower down the river. Their problem or their difficulty, if you please, as I look at it, is primarily because the water is not held back, but comes down to them in great quantities in times of such a flood as we had recently. We had that problem of flood damage to some extent, but nothing like they experienced. The big element in our problem of flood control on the Connecticut River is the question of retaining this water so it will not go down to their damage.

I need not spend any time in recalling to your minds that our State is a very small State. It is not wealthy. Our State is very mountainous, and its valleys are not too wide, and the more fertile, productive land, of course, is found in the valleys, as is true everywhere. So the problem of flood control is one in which, as I stated at the outset, we have a very great interest.

That is why, insofar as this resolution is concerned, that we appear before the committee speaking in favor of it, because it is primarily a problem for the States involved and affected by this stream in particular, the Connecticut River, although we do have other streams wholly within our borders that require attention. I think we have two streams that run over into the State of New York and ultimately empty into the Hudson River. But I do not think there has been any great damage from either one of them.

The studies that have been made so far on this subject, as I view it, are wholly inadequate upon which to base any efficient, effective plan of flood control. I have heard it stated this morning by some distinguished Members of Congress that we should at once build these 10 storage reservoirs that have been recommended in the Army report so that we can prevent a repetition of the same flood condition next year. While I do not know just how much investigation the gentlemen have made into the construction work of the magnitude, I would hardly expect, even if the lands were to be controlled and owned in such a way that construction work could begin tomorrow, that they could be in a condition to retain any flood waters by next spring floods.

The difficulty with that proposition as I understand it, is that the program which proposes the construction of the 10 reservoirs in question is based primarily upon studies of the 1927 flood to which I referred. The flood of 1936 which caused this great damage in Massachusetts and Connecticut was a flood of an entirely different character. To illustrate what I mean by that, this program for the construction of these reservoirs contemplates the construction of three reservoirs on the White River in Vermont. The flow of water in the White River in 1936 was only approximately one-third of the flow of water in 1927. The result was that the stream flow in the Connecticut River at White River Junction, below the discharge of the White River, was 11 second-feet per square mile less, and the drainage area above that point is approximately 4,000 square miles, which makes a stream of 44,000 second-feet lower in the Connecticut River below White River Junction in 1936 than it was in 1927.

What that means is that the water which caused the damage in the States lower down the river did not come in such substantial quantities from Vermont. On the other hand, the discharge in the New Hampshire rivers, below the so-called Ammonoosuc River was very much greater than it was in 1927. I have just been interested in looking at a graph which presents by means of engineering methods the density of the rainfall. I think they term it an isohyetal diagram, which shows that the entire rainfall in Vermont for the month of March was approximately equal to that of 1 day at Pinghams Notch in the White Mountains over in New Hampshire, where they had something like 23 inches of rainfall in the month of March, and something over 10 inches of rainfall in 2 days.

As I say, there was a greater discharge into the Connecticut River, and particularly into the Merrimac, from that source.

Why? Because that is where they have the greatest rainfall, which, coupled with the melting snow, produced this extraordinary volume of water. Having in mind the stream flow in the Connecticut River at White River Junction was 44,000 second-feet less in March of this year, at the time of the peak of the flood at Vernon Dam, which is a little north of the Massachusetts-Vermont State line, the crest of the flood was 5 feet higher than it was in 1927.

Above Vernon Dam comes in the West River, coming in from Vermont, which is quite a substantial stream. Yet the stream flow in that river was 28 second-feet per square mile less in 1936 than it was in 1927.

Above that we have the Saxtons River just below Bellows Falls, which is not a very large stream. I cannot give you the figures on it, nor on the Williams River just above it.

Above that we have the Black River. The point I want to make with you is this: That you cannot plan upon a program resulting from a study of the engineers of the 1927 flood to take care of the type of flood that we had in 1936. And it is a matter of a good deal of doubt in my mind from various information that has been given to me whether the construction of these reservoirs would have had any material effect upon the disastrous results down in Massachusetts and Connecticut. I think the sponsor of this bill made substantially the same statement this morning. In that I agree with him fully.

The thing which I have understood was the principal cause of this extraordinary and long-continued high water in the lower Connecticut resulted from the fact that there was being discharged at flood stage into the Connecticut in Massachusetts and in Connecticut waters from the tributaries located in those States which carried not only the rainfall and the quick run-off which would result from frozen ground, but it also carried with it, on account of the warming weather and the effect of the rain on the heavy snow, a substantial amount of snow water. In ordinary times, so

I am told, those flood waters from those tributaries reach their flood stage and pass on down the river a considerable time before the flood waters from the upper Connecticut reach that point. And the result is that they pass off in what we might term normal high water for spring floods. In this particular year, however, the rainfall continued for some days, and those tributaries in that section were discharging flood waters at flood crest into the Connecticut River when the flood waters came down the river. And when you have the combination of the two the rivers cannot carry it away, and this damage was done.

As I say, this problem from our standpoint is so serious that we believe it requires the most careful study and investigation, utilizing, if you please, such information as has been gotten together by the Army Engineers in their study of the 1927 flood and other floods, using all of the material that can be gotten together with respect to the 1936 flood and the conditions which caused it and contributed to it, and all other information that can be gotten together, and then have the matter in such shape that the representatives of the States involved in this particular question may sit down—as some gentlemen expressed it here this morning—across the table and see if some acceptable plan cannot be formulated that the States can agree to, that is within their economic resources to carry out, and undertake to apportion the cost of it according to the benefits; and when such a plan can be formulated, then the saving grace, if you please, is that that plan can then be submitted to the legally elected representatives of the people of each State—namely, their respective legislatures—and, in the light of all the knowledge that has been accumulated on the subject, they will then have the opportunity to weigh the advantages and the benefits, on the one hand, and the economic disadvantages, on the other hand, and determine in their own good judgment whether or not it is a plan that they can embark upon.

As I say, it is a matter peculiarly for the States themselves involved to participate in, to consider, to decide upon themselves.

There are many, many things that I might say that would have to be taken into consideration, as I view it, in such a program, but I do not care to take up the time of the committee to do that at this stage of the proceedings.

PATRIOTISM AND THE WAR AGAINST CRIME—ADDRESS BY JOHN EDGAR HOOVER

Mr. DUFFY. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject Patriotism and the War Against Crime, delivered by John Edgar Hoover, Director, Federal Bureau of Investigation, before the Daughters of the American Revolution at Washington, on April 23, 1936.

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

The Daughters of the American Revolution as an organization holds great significance. It is more than an institution—it is a symbol of living testimony to the traditions upon which this great Nation was founded and by which it may live and prosper. Because of this, and because an overpowering danger faces America, I feel that the subject upon which I speak should be of the utmost importance to you and all other organizations born of patriotism. I refer to the menace of crime.

It is our duty to be alert and alive to any threat against our national welfare, whether it comes from without our borders or from within. Today we attempt to live in peace with the world. We seek to command the respect of the nations among which we must live and work, and to protect ourselves against what might be called the "criminals" of the community of these nations. We try to maintain an adequate Army and Navy. We all know that such a force is an insurance for peace. But we can never make peace with the underworld. It constantly threatens an invasion of our homes, our happiness, and our civil and public rights with a concentration of armed forces greater than that of our Army and Navy combined. These are not my words, but they are those of the man to whom I owe much gratitude for his hearty support in the efforts of the Federal Bureau of Investigation, the Honorable Homer S. Cummings, the Attorney General of the United States. Were crime to marshal its forces in a marching body of men, they would tramp ceaselessly past this hall, hour after hour, in daylight and in darkness and back to daylight and darkness again, even though they were 10 and 20 abreast, for the files of the Federal Bureau of Investigation show that there are actually 3,000,000 convicted criminals. Beyond this there are enough more with police records to demonstrate that an average of 1 out of every 25 persons in the United States of America has at least had his brush with law-enforcement agencies and is inclined toward criminality.

This army of crime is larger than any unified force in history. If this tremendous body of evildoers could be welded into a unit of conquest, America would fall before it, not in a month, not in a day, but in a few hours. Therefore, with the seriousness of this condition truly before us, I believe it is not at all sensational to assert that while we speak of peace we are really at war; that while we believe ourselves secure we are actually besieged; that while we look with fear upon any belligerent news from foreign shores we are turning our backs upon and our thoughts from the most serious and most devastating war which this country ever has known; that of the insidious attack of the armed forces of criminality.

Not to alarm you, but for your information, there are today in America 150,000 murderers roaming at large. Statistics show that during the lifetime of those who form our population 200,000—nearly a quarter of a million—persons will commit murder before they die and more than 300,000 persons—the population of an entire metropolis—will be murdered. Consider that! Think of the scare heads which ran in the newspapers concerning the tempestuous floods which ravaged our Eastern States only a month ago. We saw the news pictures depicting scenes of suffering. We were horrified at the plight of thousands who were homeless; our hearts sank as we read the mounting list of the dead and injured. Yet if this entire condition of death, desolation, and ruin were magnified to double proportions it would not then even approach the horrible picture of miles upon miles of stiffened corpses representing the 300,000 citizens of America who today are walking the streets in the belief of security, who are making their plans, dreaming their dreams of the future, and not realizing that they are doomed to die by the foul hand of the murderer. If we are not at war with crime, then never was there such a thing as war. If this war does not demand the straining of our every tendon of patriotism in a determined campaign of eradication, then this country never has known an emergency.

And so I tell the stark truth to you women, who are known for your devotion to the country for which your forefathers gave their blood, and ask in the name of those sacrifices that you do your utmost to reinstill a spirit of determination and of self-sacrificing alertness that the loyalty to America, the fidelity to ideals, and the unfaltering courage which gave us Bunker Hill and Valley Forge may be reestablished. Let America be called to arms and arise against this marauding army of crime that we may again battle to finality, that we may fight the good fight to victory over a most despicable foe.

Above all, we must not be lured into a feeling of false security by figures emanating from time to time tending to show that crime is somewhat on the decrease. True there has been a cessation of gang kidnapings and other heinous crimes due to the highly organized activities of the Federal Bureau of Investigation, but I warn you that should vigilance relax in the slightest those outrages would be renewed in greater viciousness than ever. There can be no weeding out of noxious growths until the roots which feed these growths are torn from the filthy muck which fosters them. Throughout our country law enforcement has been hampered, hamstrung, and strangled by the blood-caked hand of crime-affiliated politics.

I know the statement I have just made sounds sensational. It smacks of headlines. But I challenge you to find out for yourselves how really true it is. Political grafters stir uneasily when honorable citizens like yourselves begin to ask questions about the close connection between violent crime and crooked politics. They do not like honest law enforcement and they do not like the truth, which is that they are the brains behind the Dillingers of this land.

This political alliance with crime exists in State after State, municipality after municipality. It halts the policeman; it halts the law-enforcement officer, even as he reaches for his gun, and holds him there, a target for the bullets of the coward he has been attempting to arrest. It stalks into our courts, brushing aside indictments, trials, and even convictions with a wave of a hand. It enters our penitentiaries, swinging wide the heavy prison gates for men who otherwise would have paid their debt to society in punishment for their crime. It condones nonfeasance in office and provides actual malfeasance. It supports bribery, perjury, and gangdom, and it has been known to place more than one ex-convict upon the force of a police department. It is firmly entrenched, deeply rooted, and can be torn from its foundations only by the concerted unswerving self-sacrificing efforts of such patriotic organizations as the Daughters of the American Revolution. Remember this always: The only thing which concerns the crooked politician is the fact that every time you catch a criminal, he loses votes. You are going to find that a great hue and cry will arise concerning the gratifying advance against crime which has been manifest within the past 2 years. You will learn that the sob sisters will soon come forth from hiding with cries of persecution against these dear, good boys whom unfeeling law-enforcement agencies insist upon sending to prison. You will discover that crackpot politicians, racketeers of a new and different type, will scuttle out from the shadows to add crime upon crime by evoking new and impossible schemes for the alleged eradication of the lawbreaker. You will see private quack fingerprint bureaus springing up here and there, willing, at the drop of the hat, to protect our citizens upon the payment of a price when those very citizens can be protected at no cost whatever by the local law-enforcement agency or the Federal Bureau of Investigation. You will be surrounded by theorists, pseudo criminologists, hypersentimentalists, criminal coddlers, convict lovers, and fiddle-faced reformers, all surging forward with great ideas for the commonwealth but mostly for their own pocketbooks.

Therefore, I warn you to stay unswerving to your task—that of standing by the men on the firing line—the practical, hard-headed, experienced, honest policemen who have shown by their efforts that they, and they alone, know the answer to the crime problem. That answer can be summed up in one sentence—adequate detection, swift apprehension, and certain, unrelenting punishment. That is what the criminal fears. That is what he understands, and nothing else, and that fear is the only thing which will force him into the ranks of the law abiding.

There is no royal road to law enforcement. If we wait upon the medical quacks, the parole panderers, and the misguided sympathizers with habitual criminals to protect our lives and prop-

erty from the criminal horde, then we must also resign ourselves to increasing violence, robbery, and sudden death.

The time has come when it is the solemn duty of such organizations as the Daughters of the American Revolution to insist that there can be no compromise with crime. For too many years the citizen has viewed this problem as something with which he has no personal concern. Yet all this time he has been paying a personal tax of $120 a year for the privilege of living in a country which each year sees 12,000 murders, 46,981 cases of felonious assaults, 283,685 burglaries, 779,956 larcenies, and 247,346 automobile thefts. To use a plain Americanism, there has been too much passing of the buck; too much eagerness to hand over all criminal problems to strictly law-enforcement agencies. A policeman is only the agent of a citizen. He is only the servant of an employer—the public—and if that employer gives no attention to the business in hand, then indeed it is too much to expect that the servant will think, plan, and execute for the public that hires him. We all know that in practically every big case there is witness after witness who dodges his duty in the courtroom. We know that juries allow themselves to be swayed by personal expediency, cheap sentimentalities, politics, and sometimes by money.

It is common knowledge that in every large American city there is attorney after attorney who makes his living by counseling men whom he knows to be guilty, not only after they have been arrested, but often plans with them, plots with them, and conceives with them in the preparation of dastardly crime. We know that all about us are various figures and filaments of criminal life—the fixers, the hide-out owners, the money passers, the bond buyers, the fences, the bribers, and all the rest of the slatternly camp followers of infamy whose presence is necessary in the commission of a major infraction. All these things are of such common knowledge that children often play games in which these characters are simulated. But what does the average citizen do about it? Absolutely nothing!

It is your duty to safe and orderly society to see that a new viewpoint is brought about. To watch the criminal cases as they arise in your city; to make it your business to find out why the politically protected murderer is not captured; to guard the courtrooms against continuance after continuance and the disappearance of witnesses by which some infamous lawbreaker may be freed. Why only yesterday I was reading the statement of a criminal implicated in a notorious kidnaping. He had kept the hide-out where a man had been hidden away from his family until these notorious racketeers had been able to extort the savings of a lifetime before they freed their victim. Yet, in perfect nonchalance, he excused himself by saying that he did not know he was keeping a hide-out for a kidnaped victim. He only thought it was a witness in a murder trial whom a criminal friend desired to keep from testifying.

You as guardians of patriotism should watch appropriations and view with keen suspicion the various so-called economy moves by which venal politicians disrupt police departments, lower their morale, reduce the personnel, decrease guards at jails and prisons, bring about the possession of faulty equipment, and make their city a haven for the criminals who have promised to deliver heavy blocks of votes in return for political protection. It is your duty to see that shopkeepers, businessmen, and others who have become the victims of racketeers do their duty before the grand juries investigating these parasitical growths upon our body politic. Time after time earnest and honest prosecutors have endeavored to get at the bottom of the racketeering which is sapping steadily at the health and prosperity of this country. Time after time they have sought to solve the bombing, the murders, the assaults by which this bulk of racketeering exists, only to find that the same victims whom they are attempting to rescue constantly are stricken dumb when they appear before an inquisitorial body. In other words, these businessmen who should, as substantial citizens, be the first to display courage for the cleanliness of their city, become rank cowards before the threat of gangsterism, and I insist that there is no place in America for cowardice. I suggest also that if these men are cowards, that if they insist upon burdening their communities through their lack of fortitude, then it becomes the duty of the community to frown upon them as it would upon the racketeer who feeds upon us all. Neither I nor any member of the Federal Bureau of Investigation will knowingly have business relationships with a person whom we know to be deliberately fostering crime by refusing to aid law enforcement. If it becomes known that such patriotic organizations as the Daughters of the American Revolution place such persons beyond the pale of reputable association, then perhaps tongues will be loosened before grand juries, the shackles will be taken from the wrists of the policeman and placed where they deserve to be; the sneering vermin of gangdom will be sent scurrying into the cells where they belong, and America once more will be an unshackled Nation, free of the enforced levies of tribute by politically protected privateers.

Above all, it is your duty to inquire diligently into the record and achievements, good or bad, of every candidate who comes before you at election time. It is inconceivable that a country should be run so loosely that even ex-convicts, still maintaining their allegiance with the underworld, can be elected to office. I have said before, and I say again, that if every incumbent of public office in the United States were fingerprinted and the records of the law violators spread before the Nation in a single summary the results would amount to a scandal which would rock this country. It is not at all unusual to find in the files of the Federal Bureau of Investigation that some local patronage official who handles the public's funds and appoints the so-called guardians of public safety is discovered to possess a criminal record. The only remedy for this condition can come about through concerted efforts of organizations which are not afraid or too mentally lazy to make the life of every public official the open and clean book which this country deserves to possess in its library of public service.

Long since the time has passed when criminals hid in dark alleys or skulked in dank basements. The day of the mask and the dark lantern is over. Crime lives next door to you. Crime often plays bridge with you. Crime dances with your sons and daughters. It is ever present. But this veneer of social grace that our criminals have adopted in no way makes them less foul. They still rob and murder. They victimize America. And so for those of us who would preserve the patriotic ideals that were born in the suffering and agony of the Revolutionary days it becomes incumbent to give again of our time, of our sinews, and our strength that a most despicable enemy be repelled from our midst. These persons of the underfilth are not simply poor boys or moral invalids, as the supersentimentalists would have us believe. They are marauders, who murder for a headline; rats crawling from their hide-outs to gnaw at the vitals of our civilization. True, they are dressed as we are dressed. They live as we live, and often upon a better scale, owing to the rich rewards of their so-called profession, but their standards of life are those of pigs in a wallow, their outlook that of vultures regurgitating their filth. As such you must regard them—without sentiment, without the influence of pandering politics or of fantastic schemers, but as definite scourges to be viewed with safety only when they have been placed behind prison bars and forced to remain there until they have expiated their debts to a thoroughly outraged and sinned-against society.

During the last few years we have seen a wave of extortion flood through America. Homes have been wrecked by the threat of death, often in a manner beyond the scope of such agencies as the Federal Bureau of Investigation. In scores of instances we have seen these men arrested, watched them brought into court, and seen them freed on probation. Yet, in all these instances, I have yet to find a case where the women's clubs of a city arose in condemnation of such an outrage. I have yet to see a case where concerted effort was made to express public opinion through the pressure of the vote. I submit to you that only through this method, only through the voicing of the most urgent of protests, only through the threat of retaliation at the polls, regardless of party, can the power of the people be expressed in its attitude toward crime and its proper punishment imposed. There is too much probation and too little probationary supervision. There is too much parole and practically no follow-up system in many States by which the filthy outflow of countless prisoners is held in control. Every 2½ hours prison doors swing wide in freedom for a token of human life. A very few have served their sentences; a few more have been freed by death. The remaining thousands step forth enfolded in the sentimental mantles of parole or other forms of clemency. It is a national disgrace, in a country enriched with the traditions upon which this Nation was founded, that the average murderer serves only 4 years. There was a time in America when if a man committed a crime, he paid for that crime. In those days the total of crime was surprisingly small. With the increase of the sentimentalists we find that prison terms have gone steadily downward and that crime has climbed steadily upward—higher and still higher—and so it will continue to climb so long as public apathy allows it to do so. It was apathy which permitted the sentimentalists to make their creeping approach, to build beautiful stories about the sweet, dear convicts, who so loved freedom that they raised canary birds in cages or placed the picture of some dear old mother upon the walls of their cells.

These convict lovers built beautiful romances about this foul offspring of our national filth. They brought about the beautiful system of traveling bands for convicts, football games for convicts, tennis courts for convicts, radios in the prison blocks, and newspapers in every cell. They did all this while the citizen was busy with his own pursuits, selfishly engrossed upon what he thought was his own life. Thus today the citizen who forgot his vigilance must pay for his apathy and continue to pay for it so long as no concerted effort is made to eradicate the condition which exists.

Often we find that the most dangerous convicts are made trusties to go and come as they please. We find scandal after scandal—counterfeiting outfits discovered in prisons; sex killings such as that recently unearthed in a Midwest State; the free passage of narcotics and liquor; the selling of concessions within prison walls and buying of easy tasks; the malfeasance or nonfeasance in office necessary to wholesale escapes. All these things a citizen looks upon as appalling, and never once realizes that it is his own fault, his own problem, and his own responsibility. I place before you, therefore, the task of enlightening the thoughtless American upon the necessity for a rebirth of vigilance and the casting out of the lethargy which has brought this Nation to a maximum of 1,500,000 serious crimes per year. I do not mean misdemeanors. I mean crimes—murder, robbery, arson, aggravated assault, and aggravated thefts—until 1 out of every 16 families is annually a victim of some major violation of the law. I therefore request that you, as the leaders in patriotic America, look upon this as one of your most vital tasks—to insist upon the wider use of fingerprinting,

especially of those entrusted with the public welfare; to act as sentinels upon your merchants and see that they do their duty with regard to racketeering; to pound ceaselessly at your newspapers that no infraction of apprehension or criminal procedure go unnoticed; and to act as never-ceasing monitors upon your voters in the cleansing of the dirty body of politics. Remember this: Wherever there is scandal; wherever there are faulty vice conditions; wherever there is poor enforcement of law; wherever the criminals find an open gateway to freedom through the courtroom—in such places you will find the necessity for the most urgent and most ardent of your activities.

Lest I be viewed as an alarmist, I suggest that you study it with a view to your own municipality; that you look about you in your home surroundings and the conditions as you find them. What has become of the powerful criminals who committed the most violent of infractions in your community? How long was required to convict them? What was the sentence, and what has become of them, if they were sent to prison? Are they still there, as you were led to believe by the sentence of the court, or are they again free, prowling your streets, robbing your homes, and assaulting your citizens?

In a brief way I have previously referred to the subject of parole, but not completely. Certainly there are two sides to the parole question. One is the undeniable fact that, properly administered, parole is necessary and beneficial. It is only just and proper that a first offender, through some quirk of his mentality or of fate, thrown into the clutches of the law should be given every possible opportunity to again take his place as an honest citizen. However, it is an outrage that hardened criminals should be paroled time and time again until the total in instances has amounted to as many as 5 or 10 applications of salve-like solicitude which allows these men to walk sneeringly through prison doors, again seize their instruments of depredation, and once more proceed to assault the peace and dignity of America. These include gangsters, robbers, highwaymen, professional housebreakers, ravishers of young children, patricides, matricides, and multiple murderers, who have done no more to gain freedom other than to merely ask for it. In hundreds upon hundreds of cases we find that new depredations have been committed and new sentences imposed, new imprisonments brought about, and new paroles wafted upon the shoulders of these men even while the arresting officers in the primary case still believed the subjects were in prison for their original offenses.

This is not parole! This is not humanitarian treatment of unfortunates! It is an outright perversion and defeat of our laws. It is a deliberate action of sentimentalists and others more directly and monetarily concerned in breaking down the barriers of law enforcement, in decreasing respect for law, and in making possible a constantly mounting problem for the thin line of last defense upon which depends the safety of the American people. Thousands of men are listed in the fingerprint files of the Federal Bureau of Investigation as violators of parole. Time after time these men are discovered to be under arrest in some distant State. Time after time notification is sent to the parole boards of the States which list them as violators, and time after time these parole boards have refused to return these desperate, habitual criminals for their violations. It is a well-known fact in the underworld that such States are listed as desirable ones in which to commit crime. In such places parole is a slander upon the sanctity of the home. It is absolute freedom without supervision, without pursuit, once a State line has been crossed, and without more necessity than the mere writing of an occasional letter. This is an open challenge to the people of America; a sneering grimace at respect for law; a recruiting office for constantly growing armies of criminal conquest, which would thrust aside decency, deride honesty, and disarm law enforcement.

In many areas this known attitude of clemency continues downward until it is even known to childhood violators of law. In this connection I wish to remind you that 20 percent of our crime is committed by youths of less than voting age. Of this 20 percent, it is a rare thing when a youth is found who has not, to a certain degree, considered the results of his crime before he committed it; who has not reasoned that, even though he is caught, he is still, to a degree, safe because of the mercies of probation or parole. We need some good old-fashioned American housecleaning of the kind that will rip off the dirty hangings and let in the light; that will beat out the floor coverings and sweep away the filth which has accumulated through the years of lethargy. Beyond that we need the old-fashioned influence of the old-fashioned home.

I am sick of the maunderings of fanatics and tuffetheads, who believe that the way to educate the new youth is to allow the new youth to do anything it pleases. The days of the Revolution brought forth strong men, good men, honest men. Those men were reared in homespun surroundings, upon homespun philosophies. They were reared with a reverence for the American flag and there is need today for a concerted campaign that the reverence for this flag be renewed. It will be a sad day for America when any man must apologize for patriotism. It will be an equally sad day when any person who calls himself an American must apologize to his conscience for that fact that through superindulgence, through ignorance, through mental laziness, he reared his boy or girl to be a criminal. We need new altitudes of respect, both for the parent and for law. We need a rebuilding of the foundations which made this Nation the greatest in all history, bulwarks formed of more staple materials than those of apathy, selfishness, or indulgence. America grew and prospered by unswerving loyalty to high ideals, by unfaltering respect and reverence for the law and by the kindly but unfailing vigilance of the home. Until that vigilance is restored we cannot hope for a lessening of the terrible toll of crime upon the youth of America. Until ideals are restored we still must see the young armies marching, not toward the advancement of their country, but toward the monotony of the cell block and the grayness of prison walls. Until we realize that patriotism begins at home; that vigilance is the price of safety; that law abidance is paramount in all respects; until we understand and know and follow these definite fundamentals, we must continue to face the yellow-fanged force of criminality and realize that it is our master. We must dedicate our services to America in a new war—a combat to save our lives, our homes, our children. Today's teachings become tomorrow's traditions—may you concern yourselves that they be worthy of the history and heritages upon which your organization is founded and has prospered as it should.

I would not have you conclude that this picture is painted in arresting colors by a victim of a superheated imagination. On the contrary, it is sketched against a background of stark statistics, and the dismal truths are obvious, no matter from what angle we may view the national crime problem. I wish that I might draw your attention to a portrayal in softer shades, but if I did so I would only lead your thoughts away from a condition that defies delineation in poulticed phrase.

It is a sad fact that in our present-day America more attention is given to the breeding of horse flesh upon the race tracks, to the breeding of dogs upon the hunting field, to the breeding of hogs and cows and chickens than is given to some of our humans. Our boys and our girls are the seedlings of America, to grow as their parents and their surroundings direct. The War of the American Revolution, with its agonies and its privations, was not endured for the contemporary generation, but for the happiness, the welfare, and the progress of posterity. The same conditions apply today as they applied then—we must look to tomorrow, we must clean away the filth, so that those who are young and fresh and clean may not be contaminated. We must struggle against the strangling influences which surround us, that we may not be ashamed of the heritage we leave to those who follow. To you, the Daughters of the American Revolution, I entrust this solemn duty. I feel certain I give this task into hands fully worthy of their obligation.

Thank you.

CALL FOR JUSTICE TO ADMINISTRATION'S ACCOMPLISHMENTS

Mr. LEWIS and Mr. AUSTIN addressed the Chair.

The VICE PRESIDENT. The Senator from Illinois [Mr. LEWIS] gave the Chair notice that he would like to be recognized, and the Senator from Illinois is recognized, if he desires recognition.

Mr. LEWIS. Mr. President, I ask the Senator from Delaware [Mr. HASTINGS] to find it convenient to remain in the Chamber for a moment or two while I submit a few remarks touching his impeachment of the record of the administration in his address last evening to the Senate.

Mr. HASTINGS. Mr. President, the Senator from Illinois has asked me to remain in the Chamber, and I shall be delighted to do so; but I should like to tell him that at 20 minutes of 1 I shall be compelled to leave. I shall be here for 40 minutes, and after that time I shall have to ask to be excused.

Mr. LEWIS. The Senator from Delaware need not concern himself greatly as to any time after the limit he has put upon himself. I recognize his need for self-preservation.

Mr. President, yesterday the very able representative of that which we speak of as the Republican Party, the distinguished Senator from Delaware [Mr. HASTINGS], addressed the Senate seeking to point out, and in his phraseology, with much fury, impeached what he felt were the deficiencies of administration and in the particulars he designated. Particularly, the able Senator seemed to fall into a line of what seems a purpose of attack from those who have arranged their program of assault in the coming controversy that is just ahead, designated as a political campaign.

For myself, having great respect for the capacity of the distinguished Senator and those who join him from time to time in their exclamations and denunciations adverse to the policies of the administration, I cannot but deplore that there seems speciously the voice of condemnation as to anything and everything undertaken by this Government; that at no time there seems to be from these political opponents any voice of approval of any act, of any relief, of any benefaction, of any generosity, nor of any achievement on the part of this their own country, the United States of America, when accomplished through this administration.

The able Senator from Delaware was voicing evidently the very first of the program which we observe from those who are attending here in delegations called commercial organizations. The purpose of the assault is to prepare the ground to charge that that which is called platform has in some respects or in many respects in no wise contained any authority or warrant for conduct and put in effect and for action achieved of the administration.

Here in this responsible place I propound to the American public, in answer to the able Senator and those who shall follow his course the query, in what manner could a convention in June 1932 have seen ahead of it the conditions which had been brought upon the Republic by the administration then in power for the months of its life to follow? Who could have anticipated that when that administration was defeated it would have allowed the months after defeat, in a spirit of revenge and resentment, to lapse into a period when its representatives busied themselves to turn the fury of their opposition upon their own country, and brought the Nation to the point where its children walked the streets in hunger, their fathers struggled to exist in crushing want, their homes were blighted with desolation, and the whole great Nation of America stood before the world with her arms outstretched in beggary?

Who could have anticipated the condition that would follow on the part of the masters then in power by which the banks of the land were allowed to ravage themselves, their officers to loot their deposits and rape their own credits. Then to stand before the Nation with billions of dollars robbed of the people, from which there was not a recourse or resource anywhere that could restore a dollar?

Who could have foreseen that there would have been that array of men and women who, in desperation from oppression put on them, from point to point throughout the Republic, committed suicide, some throwing themselves from the elevations of great buildings, others destroying their lives by leaping from windows at the top stories of great edifices, and there finding refuge in any place rather than bear the ordeal and endure the affliction of what the administration was then putting upon them. All this, sir, was particularly following the conventions when the political and financial miscreants began to reveal their dishonorable purposes, and after it became impossible for any convention or otherwise to have discerned their object and declared provisions to oppose or remedy the conspiracy.

I ask the able Senator, conscious of his capacity as a great lawyer as well as an able advocate of his great party, how stand the opposition? Let us behold for a moment this question of the business of the platform as the only authority for conduct and the justification for action.

Will not the able Senator recall that there was the administration of Mr. Hoover? Where, in the platform of the party called Republican was there the authority or the designation to create something in the form of an organization called a Farm Loan Board, the like of which had no parallel in the law, yet to convert $500,000,000 of the money of the American people to waste and to dissipation? Yet let us believe that the distinguished President of that date felt possibly what he was doing was best from his lights, though there were no platform authority or platform declaration.

Then, sir, who will recall that there was anything in the platform that announced to the American poor and miserable, the uninformed, and the uneducated of government, the ignorant, and the unhappy in life's station, that under the name of the "noble experiment", called prohibition, thousands—16,000 human beings of America—in one form or another were to be seized, jailed for having brewed some mere sustenance in the form of liquid for themselves, their property under the name of an equity proceeding confiscated, everything they possessed taken, leaving them to bankruptcy and poverty, while their children were disgraced forever, as their fathers languished in prison, in jail, in the penitentiary? And in the meantime you prate of the Constitution and court obedience to the fundamental law as your personal trust to be guarded!

Shall you omit to recall that under the guise of prohibition and what you call legal constitutional rights, the Supreme Court of the United States found it agreeable to sustain action on the part of officials in hooking into a telephone line and seizing the private messages of one person to another, and under the guise of necessity for law and the enforcement of prohibition did that unprecedented thing which, we pray God, shall never happen again to America, when under the Constitution it was justified that a man's private conversations over the telephone to another could be caught over an intruding wire by prying spies and, when ascertained, could be testified on oath as legitimate hearsay testimony, and upon this the man involved sent to jail, his family ruined, his property destroyed, and he himself and his family forever disgraced under the Constitution?

Was this, may I say to my able friend, contemplated in the platform of my honorable opponent? Was there a word to be found in it that told the American public that this form of obloquy was to be visited upon them, this disgrace to the Nation, this dishonor upon these helpless mortals to be inflicted upon Americans?

May we not pause a moment while we ask the able advocate where in the platform of our honorable opponents was there any authority given to the President of the United States by intimation, much less by declaration, to grant a moratorium to the foreign debtor nations authorizing them to cheat this American Nation out of $10,000,000,000 principal, the interest due not yet paid even in part?

Where was there any statement in the platform which justified that usurpation? Where under the Constitution, for which such solicitude is being expressed, was there authority on the part of this honorable official to take the credit from this Nation, grant it to foreigners, and leave us helpless and in bankruptcy of that great sum now due to this country?

I ask again, therefore, may it not be that the honorable President felt that what was being done was best under the circumstances? But, however so, I appeal again, where was the platform privilege to do such? Yet when this, our administration, found these new conditions arising which multiplied upon them when no way to anticipate them existed, and sought to provide against those conditions, they are held as offenders against some sacred compact which one would imagine has been arranged between heaven and earth, and which we are charged with having violated with dishonor.

May I ask my worthy friend, and those who shall follow his leadership in a very unworthy cause, who authorized the President of the United States, Mr. Hoover, or his forces, to create this body of finance which my able friend in his ferocious argument yesterday claimed credit for with great acclamation, and which was called the R. F. C.? Who authorized them, and in what platform can we find where the privilege was declared, to organize themselves and do that which the able Senator from Delaware now confesses, as was confessed in his presence by the then Senator from Pennsylvania, Mr. Reed, took billions of American money, snatching it out of the pockets of the poor who must pay out of their wages the interest upon this money through their employers, and turning it over to the large interests, which interests are today, with this money in their pockets and in their Treasury, having their agents and representative here in the city of Washington, in the name of one form or another of society and association, condemning the President of the United States and the Government of the United States for doing the very thing they solicited as necessary to their welfare; and this, too, while they are carrying in their Treasury and in their pockets the money the loan of which they are denouncing?

Yet we are told, sir, of the high principle of honor, which, it is said, is that which is only inducing and justifying and stimulating action on the part of those who busily condemn every movement looking to the benefit of the needy and welfare of the deserving of America.

Mr. President, my able friend says, "Yes; but we must pause and remember that there was an effort on the part of

the administration in 1932 which looked fairly well upon the prospect of recovery; or at least it should be given credit", says my able friend, "for the effort in some direction, and for that it should not be forgotten." I answer my friend, I accept exactly this praise in the form of apology in behalf of those we call the Republican Party of that day; and I remind him, as to himself and the eminent sources that will follow him, that their position is best described by an epitaph which may be found on a tombstone in a graveyard not far from where we sit. I think, if I recall correctly, it reads:

Me head is thick, me legs are thin;
But I'm a damned fine man for the shape I'm in.

[Laughter.]

Mr. President, if we recall the able indictment of the eminent former President, leader of this former great party, let us ask what has become of the money which fled from these debased and gutted banks? What has become of those millions and millions of dollars? Where is, and where are, those funds? And let us ask the able Senator, who probably is more advised than many men in public life on the side of his honorable party, who is it that Mr. Hoover says in his last speech on the radio took the money of America, and, using the words of the ex-President, "took flight"? Who were those who sent the funds of their own land to a foreign country where they could be hidden from the tax gatherer on the one hand, and denied to the resources of America in its day of agonizing adversity? Since the indictment is made, and the impeachment from the eminent leader of the party then in power, may we not pause here a moment to ask so learned a statesman as the eminent Senator from Delaware what are the names of these malefactors who I say should be arraigned in civilization as traitors to their country, these who took the money of this Republic out of the land, and either invested it in foreign countries in the bonds and securities of enemy lands on the one hand, or securely ensconced it in safe-deposit boxes, far from the American-tax gatherer or the defense or protection of their American Nation?

My able friend says, referring to some speeches that have been made on the floor of the Senate by the majority leader, and that of the distinguished Senator from Kentucky [Mr. BARKLEY], alluding to stocks and bonds: "Yes; behold them", says the Senator. "True, they have risen." But for that my able friend will not credit the administration, nor will he concede that the rise in value is stable, secure, or real. Then, sir, I put the question to you: What is the meaning on the part of these prominent financiers, whose names and whose companies were read by my honorable friend, in putting stocks before the country and selling them again upon representations that they confess are thimble-rigging the market and swindling everyone who dares to trust them? For if these stocks be as the honorable leader the Senator from Delaware says, then they are an imposition upon the public, and those who are advancing and sustaining them should be under indictment for public national fraud, fraud and robbery of the widow who trusted to the advertisement, upon the child whose estate is being sacrificed, and upon the businessman whose confidence is beguiled and betrayed. If, on the other hand, these stocks are real, as let us believe they are, and their rising is the evidence of prosperity, from whence comes it if not come through the efforts, the services, the contributions both of wisdom and patriotism on the part of the administration in power? And who is it who purchases these securities, I ask my able friend, if it be not those who have confidence in this their Government, in the methods of this administration, in the measures of the President and his supporters? Otherwise, where would there have been a purchaser from any other source? Because those who are now manipulating these stocks are the same master manipulators who, a few years past, in some form and in some manner seizing the Government's money, speculated in stocks to the amount of billions of money, and sold to the people that which, like a bubble, burst in the air and left them empty and bankrupt. Shall these same manipulators be permitted now to receive praise and endorsement because we have sustained them by some new policy that has reinstated them into opportunity?

Yet my able friend the eminent Senator from Delaware would have us believe that this is all caused by some accident! I fear our able friend overlooks the fact which was published that here in the city of Washington, on the outskirts, there was seen a tent. A couple of men, wandering through, concluded it was a circus and thought they would find their way into it, after the order of the small boy, by slipping under the sides of the tent for free amusement. They entered in glee only to awake to the fact that instead of a circus of entertainment it was a religious revival service into which they had fallen! These eminent masters of stocks and exchange, while in the beginning certainly in the circus of their past performance, have waked to realize the benefits and cash in on the revival, sir, of confidence and honor established by this administration through the measures it has put before the Nation and had adopted.

Therefore, I ask my able friend, why should these people around him scorn the relief that we were compelled to give to the hungry, to those who walked the streets in desolation, who under their march and tread threatened revolution—a duplication of Russia and of Germany? Why are these scoffed and scorned because of the relief they are compelled to take? I propound to the eminent leader this question: Who put these people upon the necessity of that relief? Who placed them in the position where they had to put their pride under their feet and, like beggars upon the street, solicit alms for the preservation of their children and the maintenance of their habitations? Now that some relief is given, large and small, shall the great be found going hither and thither scorning the sources from whence these blessings came? What shall we say? Sir, we are pleased to reecho the expression of King Lear, as he beheld a similar situation of his time, crying forth, as Shakespeare records:

Poor naked wretches, whereso'er you are,
That bide the pelting of this pitiless storm,
How shall your houseless heads and unfed sides,
Your loop'd and window'd raggedness, defend you
From seasons such as these? Oh, I have ta'en
Too little care of this! Take physic, pomp;
Expose thyself to feel what wretches feel,
That thou mayst shake the superflux to them,
And show the heavens more just.

What has become of the spirit of this great body? What has become of the hearts of the eminent men on both sides who fill these places with distinction? Why in all America is there not yet one voice of approval rising from our honorable opponents? What is the quality of justice which finds in the whole service of the administration to the people nothing they could praise, nothing to which they could give their endorsement, nothing to which they could give their commendation?

Billions of money, it is said, have been expended. Has anyone asserted that one dollar has found its way corruptly into the hands of those who have expended such vast and unparalleled sums, as the honorable, able advocate correctly describes them? Not at all. Has anyone risen here to assert, whatever abuses there may have been, as has been from time to time clearly shown on the part of those who are trusted with the administration in local places, that a dollar has ever gone wrong in any form of dishonor on the part of those who have as officials administered this great trust? Is there no voice of approval for such faithful servants? Is there no praise for America when you behold her elevation and superiorities? Yet one hears the eminent leader speak of the American dollar, and refer to it as having been brought down to a 59-cent dollar!

What does all that mean? What is the meaning of telling the poor who toil with their hands that the dollar they have will buy them only 50 cents' worth of goods and has the value of only 59 cents? What is the meaning of advertising to the world that falsehood and slander upon American credit? Where is the cry of inflation of which we heard so much only a short while ago? Where is it? The eminent leader here to my right of the great cause of expansion of money, the Senator from Oklahoma [Mr. THOMAS] insists that the dollar is yet far from its real level, and that today one purchases with the dollar $1.25 or $1.30 of value; and

yet what does it mean, Senators—I propound this not in partisanship but as I address the sense of your patriotism—that there could really arise in this great body a band of honorable men, sensible and loyal, let us believe, who find it agreeable to advertise to the world that in this body there is no credit accorded to America, and that we regard its money as so dishonorable that there is none so poor as to do it reverence? Is this patriotism? Is this the honor of the ancient Republican Party, with its distinguished past?

Behold, how stand you compared to the world? This morning announces the marching hordes of revolt and riot in France, its heretofore professed gold standard dwindling, its credit rapidly evaporating. With Poland on day before yesterday—a country of splendid industry—adopting the financial doctrine of America, emulating our system of money and distribution, while great Sweden, in her calmness and sure conservatism, adopts the policy of the United States, and the Scandinavian countries one after the other copy her, now in this hour comes the news that Holland and Belgium are discussing a method by which this America arranges what is called the managed currency, this to emulate, copy, and proceed with our policy and financial system. Sirs, is there nothing to be said anywhere in behalf of America? Eminent Americans, I propound to you, is there nothing anywhere in your country that you can find to endorse? Everywhere, at all times, through the public press and otherwise, are we to see nothing but condemnation from you, first upon your administration, then upon your country, holding your Nation as unworthy, as you deplore your citizens' existence under a Democratic administration?

I shall not dwell further upon my honorable friend but to ask him, when he speaks of the security of this money, if he will not admit that these vast sums of money which have gone for relief have not gone into the pockets of the poor and the miserable who were needing it? They have expended it, and then by them it has been passed into the hands of these eminent financial and commercial masters, who used it for stock speculation, as they enriched themselves upon the money through the indirect method of taking it from those who are compelled to buy bread, clothing, and shelter. But hear we one word of confession? Yet it is recalled that these eminent masters, who are around this Capital community now in different forms of association, once not long since came here on their knees, as it were, in subservience, confessing the need of relief to save them from bankruptcy, receivership, and destruction; and with the American money in their banks lifting open their doors in order to give confidence again to the depositors and to their country, they now stand before the assemblages denouncing the very measure that gave them the relief and the Government which loaned them the money.

I would not engage here in an appropriate expression; but those around me recall the homely adage that "it is a dirty bird that befouls its own nest." While these here around us are holding these meetings, being greatly advertised and asserted and in every wise promulgated in their denunciations of the administration and their own country, I summon my eminent friend to cite from the eminent leaders of the opposition here in this Chamber, or these gentlemen who have assembled here to add their condemnation in the Capital—to be used for political purposes—one single word approving the administration, or the sacrifices which rescued the farmer from complete destruction when the administration came to his rescue in the days of drought?

Where is one word; aye, where is a single resolution that has ever been passed by one of these assemblages expressing sympathy for the misery of the city toilers or offering any aid in behalf of their unfortunate plight?

As we all know, we but lately had the floods which inundated the country, wiped out homes, destroyed hundreds and hundreds of human lives, robbed them of their all, of home and shelter, leaving them helpless; yet where is one word of commendation of the administration and its officials for the noble work they did in coming to the rescue of their country and those in this sad plight I have described?

Where is one resolution of sympathy or expression of aid on the part of these eminent gentlemen who assemble here to find a method of condemnation in some form of the administration to which they owe their very commercial life? Are they too cowardly, or are they too lacking in the impulses of gentility, to grant justice to the administrators of such great trusts?

Sirs, we are not deceived. We recall that the great Holy Law contains the wonderful expression of consolation, crying out:

> Be not deceived; God is not mocked. For whatsoever a man soweth that shall he also reap.

I now summon my friend to the thought and ask him if he does not feel that the time has come when there should be something of an abandonment of partisan politics, and something of a resumption of national patriotism? Has not the hour come when someone on the side of our honorable opponents can find the good, and fulfill the adage, as well as the admonition, of the great St. Paul, commanding?—

> Whatsoever things are true, whatsoever things are honest, whatsoever things are just, whatsoever things are pure, whatsoever things are lovely, whatsoever things are of good report; if there be any virtue, and if there be any praise, think on these things.

I conclude by asking, has not the time come when you shall certify that your President has proven himself worthy of trust? Where else shall you go? To whom else shall you plead, or to whom shall those who represent you or those for whom you speak plead, if it shall not be in the power and the character of the administration guided by the President of the United States?

Behold, when nations all around the world are in revolution, when everything is desolate, everything discouraged, everything abandoned, America alone stands firm, respected in the world, honored by civilization as the first nation of all earth. Yet is there no praise for that which has produced this commendable condition?

I submit to my honorable opponents, particularly the genial leader from Delaware, whether the time has not come when we shall acclaim to the world that, without regard to differences in small matters, we turn to America and announce on her behalf that we recognize that the world beholds and applauds that here it is that the great republican democracy of the earth finds its example and life of exalted service. Here and now we grant praise in all justice to the President of the United States, Franklin Roosevelt, and his administration of persevering patriots.

I thank the Senate for allowing me this moment's indulgence.

THE FARMERS AND THE NEW DEAL

Mr. DUFFY. Mr. President, I know that we have all enjoyed very much listening to the very eloquent address of the distinguished Senator from Illinois [Mr. LEWIS]. I merely wish to take 2 or 3 minutes of the time of the Senate to invite the attention of the Members of this body to a pamphlet which has come to me as having been distributed quite widely at our State university in Wisconsin. It is entitled "A Farmer Speaks", and from what I see on the back page it appears to be circulated by the American Liberty League, national headquarters, National Press Building, Washington, D. C. It is designated as "Leaflet No. 5." It purports to be a letter written by one Elmer Willis Serl, who gives his address as Lone Oak Farm, Route 1, Delavan, Wis., and he starts out by saying:

> Three cheers for the Supreme Court. Now maybe I can run my farm without interference from political parasites of the tax body who tell me what I may raise on my land, how much of it, or none at all.

He then goes on to state that for 25 years he has paid taxes on his 200-acre farm in Wisconsin and attempted to make the farm pay. He distinguishes himself as a plain farmer who has been to Washington only 25 times and ends up with a fervent appeal to the farmers of America and, I assume, the farmers in Wisconsin in particular, to do their duty next November and to throw out the New Deal lock, stock, and barrel.

I have never heard of Mr. Serl as one of the farm leaders in my State, and had in mind that I would write to Wisconsin to find out something about him. I fully intended to do so, but before I had an opportunity to write I received a letter from a man who lives in the immediate vicinity of Delavan, a very good friend of mine, one in whom I have the utmost confidence, and he gives me a little information about this distinguished gentleman.

I do not know why this pamphlet appears in yellow. Perhaps it is symbolic of the golden grain at harvest time, or it may be that it is yellow journalism. But at least the gentleman who is supposed to be the author apparently has not had a great deal of experience as a farmer. I am informed by this friend of mine that for 25 years this gentleman, who spends most of his time as a preacher in North Carolina, has had a farm which his father left him. It is situated 1 mile north of Delavan. He "has not had a horse or cow or pig or sheep in the barn in 25 years. A real-estate dealer in Delavan named Robar helps him rent the land out in small lots to adjacent farmers. He has also acquired a small set of buildings and some land across the road. He rents that house and land but there is not, and has not been for some years, any livestock of any description, except rats, in that barn."

My informant goes on to say that this distinguished farmer quoted by the American Liberty League "has not, so his neighbors say, milked a cow, held a plow, raised a crop himself, or fed a pig—except with a knife and fork—for the last 25 years. His barns are antiquated, plank floors, and so forth, and no condenser would take a pound of milk produced in them at any price."

I merely desired to reassure Senators that when they go to bed tonight they should not lose any sleep thinking about the terrible things the New Deal has done to the farmers of the country, and this farmer in particular, because he is probably now down in North Carolina playing golf. [Laughter.]

ALTERNATIVES FOR NEW DEAL POLICIES

Mr. GUFFEY. Mr. President, we have been wondering what would constitute the Republican plan for handling the various problems of the depression in the event of their hopes for next November being realized. It is not that I or anybody else that I know of on either side of the political frontier line anticipates any such thing, but it is, nevertheless, of interest to know what it is proposed to put in place of the New Deal policies which have been so bitterly assailed and criticized from the Republican side of this Chamber.

Perhaps there is a partial answer to the question in an article in Thursday's Philadelphia Record, which I am going to ask be put in the RECORD. This article purports to give a summary of the philosophy of Prof. Thomas Nixon Carver, professor emeritus of Harvard University and one of the leaders of the new Republican "brain trust." It must be admitted that Professor Carver is definite and specific in his remedies. He thinks the unemployment problem should be met by drastic curtailment of relief, sterilization of those he describes as palpably unfit, birth control to keep the population down, and limitation of marriage to those rich enough to afford to buy and maintain an automobile.

It has been the habit of our political adversaries to charge the President with responsibility for anything and everything that the technical advisers in the Government service write or say. On the same principle, it might perhaps be excusable to attribute Professor Carver's ideas of eliminating unemployment problems to Governor Landon, assuming that he is going to be the nominee, and perhaps to Chairman Fletcher, of the Republican National Committee, as an ad-interim sponsor of population restrictions.

Or perhaps the whole thing might be attributed to the Du Pont Liberty League, for, according to the article, one of the measures advocated is the organization of the property class in a party to put over this program. So I now offer Mr. Robert S. Allen's review of the professor's book and ask unanimous consent that it be included in the RECORD.

G. O. P. "BRAIN TRUSTER'S" FASCIST PLAN WOULD LIMIT MARRIAGE AND RELIEF—END OF REGULATION OVER BUSINESS AMONG PROPOSALS OF HARVARD PROFESSOR IN ECONOMICS—STERILIZATION OF UNFIT, BIRTH CONTROL, AND IMMIGRATION BAN URGED TO END LABOR OVERSUPPLY

By Robert S. Allen

WASHINGTON, April 29.—A program of pronounced fascist character is being advocated by a leading member of the recently organized Republican "brain trust."

He is Thomas Nixon Carver, professor emeritus of political economy at Harvard University, and his extraordinary policies are contained in an 84-page booklet entitled "What Must We Do to Save Our Economic System?" It has been privately circulated among business leaders.

WOULD CURTAIL RELIEF

Lauding theories advocated by Hitler and Mussolini, the Republican "brain truster" proposes that the following program be adopted by the "substantial people of America, the real forgotten men", to combat New Deal measures and policies:

1. Relaxation or elimination of Government regulation and restraints on business.

2. Drastic curtailment of unemployment relief, with the jobless needy "forced off (relief rolls) by severe regulations" if necessary.

3. Sterilization of the "palpably unfit", use of birth control, limitation of marriage to those who can afford to buy and maintain an automobile, and exclusion of all immigrants in order to reduce the oversupply of labor.

4. Organization of the properties class in a party to put over this program.

Carver's name is the only one on the cover of the pamphlet, but on an inside page are the names of three sponsors: Harold L. Doolittle, chief consulting engineer of the Southern California Edison Co.; Franklin L. Pratt, an insurance-company official; and Ernest Carroll Moore, vice president of the University of California, at Los Angeles.

In a foreword by these sponsors they reveal that Carver formulated his platform in collaboration with a large group of California bankers, utility officials, and business executives.

It is reliably understood that the pamphlet has been widely circulated as a confidential document among business men hostile to the administration.

BLAMES LABOR OVERSUPPLY

In his pamphlet Carver holds that the chief economic problem facing the country is unemployment. This is due, he contends, to an oversupply of labor. To remedy this he proposed what he calls "the alternative to unemployment relief", viz, birth control, sterilization, restricted marriage, elimination of immigration.

Pending the operation of these measures, he proposes in the meantime to give business its head by curbing or eliminating Government regulation, balancing the Budget, and stopping "tinkering with our monetary system."

He also advocates cutting taxes, but would continue public works of a permanently useful nature. None of the Government's projects, however, would be of a kind to compete with private industry. Publicly owned power plants would be taboo.

Carver lays great stress on his fear of a Communist revolution.

"The trouble has always been that economic planners have wanted to control the symptoms rather than the causes of the disease that afflicts the body politic", Carver writes. "In all this welter of discussion of economic planning, scarcely a word has been uttered on the important subject of population planning.

"Yet the population problem is fundamental, and the most dangerous form of laissez faire is that which leaves the quantity and quality of our population to blind forces which are cruder and more dangerous than so-called blind economic forces.

"So long as people who lack intelligence continue to spawn others who lack intelligence we shall have more of such people than we can possibly employ at good wages."

Carver voices a low opinion of the present reproductive processes, which, he says, are initiated by "the emotions, the passions, and the ignorance of men."

He explains that in the past strong races have taken care of their population by imperialistic territorial expansion.

"Strong races have, in the past", he declares, "solved the problem of maintaining a favorable man-land ratio by taking more land when they needed it. They at least had far-reaching plans for the solution of the fundamental problem of the man-land ratio.

"In this respect they were, on the intellectual, if not on the moral side, far ahead of any of our present-day economic planners outside of Italy, Germany, and Japan."

DUCE AND HITLER NOT SO BAD

While insisting that he abhors any governmental scheme which interferes with the freedom of the individual, Carver intimates that Mussolini and Hitler may not be as bad as painted. After all, he says, are they not the foes of communism?

He predicts that "hungry hordes from Russia, gazing covetously across their borders at countries blessed with capitalistic plenty, will some day invade Europe."

"Europe will once more stand with her back to the Atlantic, fighting for its existence against the hordes from the east", he says. "Possibly Mussolini and Hitler are more far-seeing than the rest of us and are prepared to stand together at another field of

Chalons as the ancestors of their people did in A. D. 451, who knows?"

Carver expands on his encomiums to Hitler by contending that the Nazi Fuehrer did the "rational" thing of segregating and sterilizing congenital defectives.

The United States could solve its unemployment problem, Carver says, by also engaging in a policy of imperialistic territorial expansion. He admits sadly, however, that Americans as a whole seem "especially unfitted, both by geographical position and temperament, for a career of expansion by conquest and colonization."

FINDS MENACE IN MASSES

He warns, however, that "propertyless masses" may have no "moral scruples" against such adventures.

"The landless and propertyless masses of Europe and America may find it easier to take land from their richer fellow citizens than to take land from weak races in distant parts of the earth", Carver says, adding that this is a suggestion which "property owners would do well to ponder."

The "brain truster" does not spare the goose flesh of his businessmen sponsors in any portion of his pamphlet: Speaking of the possibilities of violent revolution, he says:

"The law of proletarian revolution is startling in its arithmetical simplicity. Where manual workers become overwhelmingly numerous they will have both the motive for revolution and the power to carry it through to success."

Carver ends his booklet with a call to action. He pleads with the "substantial people" to organize and defend their rights.

He suggests that it might be possible to "persuade the perplexed masses that they have more to hope for under our system than under any other."

PROHIBITION OF PRICE DISCRIMINATIONS

The Senate resumed consideration of the bill (S. 3154) making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases, and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by unfair competitors.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. VANDENBERG] to the amendment of the committee.

Mr. ROBINSON. Mr. President, I regret that I am unable to support the amendment or agree to its incorporation in the bill. The amendment, as I interpret it, seeks to exempt, among others, automobile manufacturers from those provisions in the bill which relate to price differentials.

If the amendment should be agreed to, any manufacturer of automobiles who buys parts which have been manufactured by others in large quantities would find no limitation or restriction whatever on his purchasing power in its relation to competition with other manufacturers of automobiles.

There is in the bill what is known as the classification proviso, which, it seems to me, fairly takes into consideration the interest involved in the proposed amendment. That language appears on page 5, line 17, where it is proposed that the pending amendment shall be incorporated. I quote from the bill:

Provided, That nothing herein contained shall prevent differentials in prices as between purchasers depending solely upon whether they purchase for resale to wholesalers, to retailers, or to consumers, or for use in further manufacture; nor differentials which make only due allowance for differences in the cost, other than brokerage, of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered.

That would give equal treatment to all manufacturers, recognize their rights within limitations to secure quantity differentials, and, in my judgment, is a fair provision, which would be counteracted in part by the incorporation of the amendment of the Senator from Michigan, which in effect excepts from the operation of the bill manufacturers of automobiles who buy, in large quantities, parts already manufactured by others.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Michigan to the committee amendment.

Mr. VANDENBERG. Mr. President, of course the amendment is not a class amendment applying only to automobile manufacturers. It deals in general language with industrial production.

In the first place, I have never understood that this bill was primarily concerned about rearranging the rules of industrial production in the United States. I assumed that it was primarily a bill related to retail merchandising and the establishment and maintenance of fair practices. As a basic consideration, I can see no reason why, in the pursuit of the latter objective, we should reach into industrial production and apply to it rules which are primarily contemplated for retail merchandising in other fields.

It certainly is a very serious thing to propose, however indirectly, to interrupt the ordinary industrial production process in this country without ever having given industry a chance to appear before the committee and to thresh out the problem as industry believes it may be affected.

The Senator from Arkansas says he thinks industry is protected by the language he has read. If he is correct about it, I submit that the pending amendment is merely a confirmation of his interpretation of what the bill proposes to do; and I further submit that if there is any reason why the confirmation should be refused, we are invited to the conclusion that perhaps the interpretation that has been given us may not be wholly correct and reliable.

What is the thing that the amendment is seeking to do? Solely and only to assure the privilege of legitimate differentials in price, as between equivalent purchasers, by reason of difference in quantity of purchase and sale in industrial production. We have been repeatedly told that it is not the purpose of the bill to prevent differentials in price so long as the differentials are equally applied to all equivalent purchasers. There is not anything in my amendment which offends against that principle. It is simply a reassertion of the right to maintain price differentials on a quantity basis to equivalent buyers. There is nothing in the amendment which offends against the principle of equality nor which offends against the purpose to prevent unjust and undue discrimination.

The Senator from Arkansas has indicated that he thinks the amendment particularly applies to the automobile business. I am in no position to speak authentically for that business in this aspect. It is a fact, however, as everyone, I assume, generally knows, that the mass-production method in automotive production does rely for one of its factors upon quantity price advantages in purchases, in order ultimately to produce a maximum value at a minimum cost for the benefit of the buying public. I have never heard anyone suggest that there is anything immoral about it or contrary to public policy. On the contrary, it seems to me that we are constantly being pointed to the service now being rendered by the automotive industry in this country in respect to its contribution to recovery—a contribution which, by the way, is diametrically opposite to the economic theory which the President promulgated in New York last week, because it is a process based upon the lowest possible price plus the highest possible wage, plus the greatest possible sale attracted through this high value at low cost.

I am sure that the Senate does not wish to interrupt these processes as a result of this bill, which is intended to deal with something else; and all in the world I am asking is that my amendment, confirming what the Senator from Arkansas says is the intention of the bill, shall be permitted to go to conference for the first study anyone will ever have had a chance to give to this phase of the legislation.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on the amendment offered by the Senator from Michigan to the committee amendment.

The amendment to the amendment was rejected.

Mr. AUSTIN. Mr. President, I send to the desk an amendment, which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6 of the committee amendment, line 14, after the word "trade", it is proposed to insert a colon and the following:

And provided further, That nothing herein contained shall prevent price changes from time to time where in response to changing conditions affecting the market for or the marketability of the goods concerned, such as but not limited to actual or imminent deterioration of perishable goods, obsolescence of seasonal goods, distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Vermont to the committee amendment.

Mr. AUSTIN. Mr. President, the purpose of my amendment is very simple. It is to take care of recognized changes in market conditions, as well as to take care of seasonal and perishable goods.

Mr. ROBINSON. Mr. President, this is a general amendment and, I think, a very valuable one. It does make provision in general language for a number of conditions which might arise, and to meet which amendments excepting certain commodities from the provisions of the bill have been proposed. I prefer this general language, and I am sure the Senator from Kentucky [Mr. LOGAN], who is familiar with the subject, also does.

I have no objection to the amendment.

Mr. LOGAN. Mr. President, may I ask the Senator from Arkansas if this is substantially the same amendment as that proposed by the Senator from Washington [Mr. SCHWELLENBACH]?

Mr. ROBINSON. The pending amendment is entirely consistent with but in some respects different from the amendment of the Senator from Washington. The amendment of the Senator from Washington does not contain all the provisions which are embraced in the pending amendment. I will say in this connection that the Senator from Washington presented his amendment yesterday afternoon. Not having had the opportunity of studying it, I asked that it go over until today. There is no objection to the amendment of the Senator from Washington, and it is not inconsistent with the pending amendment.

Mr. LOGAN. I think the amendment offered by the Senator from Vermont is in proper form and will be helpful to the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. McNARY. Mr. President, yesterday the National Cooperative Milk Producers' Association sent a letter to a number of Senators. I was the recipient of one of those letters which refer to one or two proposed amendments to the pending bill. In a hasty conference with the Senator from Kentucky [Mr. LOGAN] yesterday, and later in the afternoon with the Senator from Arkansas [Mr. ROBINSON], I agreed to offer the amendment this morning for their consideration and the consideration of the other Members of the Senate. At this time I should like to have the clerk read the amendment.

The PRESIDING OFFICER. The Senator from Oregon offers an amendment to the amendment of the committee, which the clerk will state.

The CHIEF CLERK. In the amendment of the committee at the end of section 2 (a) it is proposed to strike out the period, insert a colon, and add the following proviso:

And provided further, That nothing herein contained shall prevent discrimination in price in the same or different communities made in good faith to meet competition.

Mr. McNARY. Mr. President, it is very obvious and readily observed that this is a restoration of the language of the Clayton Act so far as it is possible to make it applicable in the matter of competition in a given line. The Senator from Arkansas suggested that it might be included in the phraseology of the amendment offered by the Senator from Vermont [Mr. AUSTIN], but, in my opinion, the amendment of the Senator from Vermont does not include the proposal I have just submitted and which has been read by the clerk.

The Senator from Kentucky [Mr. LOGAN] this morning thought the same idea was carried in the so-called Borah-Van Nuys amendment. Of course, if that is the situation, I do not desire to press the amendment; I am willing to trust the judgment of the Senator who has the bill in charge and, if that is his view, there are either of two courses he could take. One would be to accept the amendment or state specifically that, in his best judgment, it is already a part of the amendment that has been incorporated in the pending bill.

Mr. ROBINSON. Mr. President——

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

Mr. McNARY. I yield.

Mr. ROBINSON. I cannot say that I think the amendment which the Senator from Oregon has proposed is identical in effect with the amendment of the Senator from Vermont which the Senate has just agreed to; but I do say that I think the purpose which the Senator has in mind is accomplished by the amendment that has been agreed to.

I myself would not be able to accept at this juncture language that is so general as that contained in the pending amendment proposed by the Senator from Oregon. I should prefer that the Senator withhold the amendment until opportunity can first be afforded for its further consideration, if the Senator has no objection to that course.

Mr. McNARY. I always desire to be accommodating, and shall be so in this instance; but I ask at this point, Mr. President, to have read a letter from a large creamery association operating in the State of Oregon which sells the products of milk throughout the country, and which explains the reason and justification for the proposal which I have just made. I ask that the clerk read the letter.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

TILLAMOOK COUNTY CREAMERY ASSOCIATION,
Tillamook, Oreg., April 27, 1936.

Senator CHARLES L. McNARY,
Washington, D. C.

DEAR SIR: We have a letter from the National Cooperative Milk Producers Federation, Washington, D. C., regarding what is known as the Robinson-Patman bill. This bill attempts to fix a resale price of a product in various markets without taking into consideration what it might cost to carry stock in the various markets.

For instance, we store a large part of our cheese in Portland, feeling that we are an Oregon organization and, everything else being equal, should favor our own State. We also carry large quantities of cheese in storage in Oakland, San Francisco, Los Angeles, and San Diego. The freight to the various points is an item that must be taken into consideration in fixing a resale price. The storage costs are also a large factor in determining our selling price. We have a storage rate in Portland that is just about half of what we have to pay in Oakland, San Francisco, and Los Angeles, and much less than half of what we have to pay in San Diego.

It seems to me that it is not up to Congress to fix the price at which we have to sell our product. Some of our cheese is sold as new stock, some of it is carried for a short length of time, and we carry some for a long period. There is considerable shrinkage in storing cheese, and other factors enter into what price we should have for our product. As long as agriculture is in as precarious a condition as it is in at this time, it seems that we shouldn't be burdened with additional legislation such as the Robinson-Patman bill. May I hear from you on this, please?

Yours very truly, CARL HABERLACH, *Manager*.

Mr. McNARY. Mr. President, officers of the National Cooperative Milk Producers Association last evening when I showed them the letter said it very clearly defined the situation which would obtain in many sections of the country affecting milk producers and those who are interested in the cheese business. I asked that the letter be read merely to amplify the reasons which have been suggested for offering the amendment, and now, in view of the statement made by the Senator from Arkansas, I withhold further comment at this time, and shall be glad to allow further opportunity to consider the amendment. For that reason I withdraw the amendment temporarily.

The PRESIDING OFFICER. The Senator from Oregon temporarily withdraws his amendment.

Mr. ROBINSON. Mr. President, I feel it due to repeat what I thought I said a while ago, that I do not wish to imply by any statement I have made that I find myself in a position to agree to the amendment. I should like an opportunity of making a further study of it.

Mr. McNARY. Nothing that I have said would indicate that the Senator from Arkansas had accepted the amendment. I understood the Senator simply wanted a little additional time to consider the amendment before determining what course he would pursue in compliance with the request. I have temporarily withdrawn the amendment.

Mr. SCHWELLENBACH. Mr. President, I desire to offer the amendment which I have lying on the table.

The PRESIDING OFFICER. The Senator from Washington offers an amendment which the clerk will state.

The LEGISLATIVE CLERK. On page 5, line 25, after the word "delivered", it is proposed to insert a semicolon and the following: "nor differentials which are based exclusively upon recognized changes in the market price of the product or products sold."

Mr. ROBINSON. Mr. President, as stated a few moments ago, I have no objection to that amendment. It is entirely consistent with the amendment agreed to that has relation to the same subject and to other subjects, and, so far as I have any authority to do so, I accept the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. AUSTIN. I send forward an amendment which I ask to have read.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 5 of the committee amendment, in line 19, after the word "depending", it is proposed to strike out the word "solely", and in line 20, to strike out the words "for resale to" and substitute therefor the words "as factors."

Mr. AUSTIN. Mr. President, I wish to make a brief explanation of the amendment. The proviso intended to be amended by this proposal now reads as follows:

Provided, That nothing herein contained shall prevent differentials in prices as between purchasers depending solely upon whether they purchase for resale to wholesalers, to retailers, or to consumers, or for use in further manufacture.

I shall not read the remainder of it, because it does not seem to me to be pertinent to the explanation.

The fault I find with that language is that it excludes the manufacturer who has a consumer customer. I believe from the statements made on the floor by the sponsors of the measure that it is not their intention to discriminate by the bill itself against any manufacturer. The complaint I make is that this language, if it is left as it is, deals only with the sale for resale, and it does not permit a sale to a consumer customer direct from the manufacturer. The description, in other words, of the class in the proviso is too narrow. It is so precise, so specific, that it crowds out that group of business people who sell direct from the factory to the consumer.

The intention of my amendment is merely to open that up so as not to discriminate against the manufacturer who has customers who are consumers.

Mr. LOGAN. Mr. President——

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

Mr. AUSTIN. Certainly.

Mr. LOGAN. I am not sure that I understand exactly the effect of the proposed amendment. Will the Senator explain it again?

Mr. AUSTIN. On page 5, in line 19, I propose to strike out the word "solely" and in line 20 to strike out the words "for resale to" and substitute therefor the words "as factors." Then it would read:

Provided, That nothing herein contained shall prevent differentials in prices as between purchasers depending upon whether they purchase as factors, wholesalers, retailers, or consumers, or for use in further manufacture.

Mr. LOGAN. I will say to the Senator very frankly that I do not believe the word "solely" ought to be stricken out. If that should be stricken out, it would open the classification perhaps much wider than it ought to be. There is nothing to prevent classifying in different groups depending entirely upon whether the purchase is for resale by wholesalers or retailers or to consumers. If we strike out the word "solely" I am a little apprehensive it might leave the matter in condition which would not meet with my approval.

As to the other suggestion to strike out the words "for resale to" and substitute the words "as factors", I am not sure that I know what effect that would have at this time. I have listened to what the Senator said. As I understand, he feels the manufacturer cannot sell directly to the consumer. It seems to me, as I read it, that he can, whether purchased for resale to wholesalers or retailers or consumers; but the Senator from Vermont, I understand, takes the position that it must be purchased for resale to consumers and that the manufacturer could not sell directly to the consumer.

Mr. AUSTIN. That is correct.

Mr. LOGAN. To be perfectly agreeable about it, I think the manufacturer ought to be allowed to sell direct to the consumer that which he sells to others, but the use of the words "as factors" may or may not accomplish the purpose, so far as I know. I should like to know just what the Senator has in mind by the use of the words "as factors."

Mr. AUSTIN. A factor is an agent who acquires title to the goods that he sells. It only adds one more class to the group of purchasers from manufacturers. By taking out the words "for resale to" and adding the words "as factors", we make every one of those named after the word "factors" a class or a division of customers to whom a sale may be made under this proviso; that is to say, consumers would constitute such a division, retailers would constitute another, wholesalers would constitute another, and factors would constitute another. I am not particularly anxious about factors. I should like the Senator to understand that. I am anxious, however, not to interrupt and discriminate against the transaction direct between manufacturer and consumer, for that is in the public interest.

Mr. LOGAN. Will not the Senator divide his amendment into two parts? His amendment, as I see it, calls for striking out the word "solely", to which I would be opposed. The other part of it, to strike out the words "for resale to" and insert "as factors", I think should be considered separately.

Mr. AUSTIN. I am perfectly willing to divide my proposal and let the two be considered separately.

The PRESIDING OFFICER. The Senator from Vermont divides his amendment. The clerk will report the first amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 5, line 19, after the word "depending", it is proposed to strike out the word "solely."

Mr. ROBINSON. Mr. President, we do not agree to that. That would be an excuse for all kinds of discrimination. I cannot consent to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont to the amendment of the committee.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Vermont to the committee amendment.

Mr. AUSTIN. Let me restate the other amendment slightly changed for the sake of accuracy of verbiage. On page 5, line 20, I move to amend the committee amendment by striking out the words "for resale to" and inserting the words "as factors, or", and after the word "wholesalers", to strike out the word "to" and insert the word "or", and before the word "consumers" to strike out the word "to", so the proviso would read:

Provided, That nothing herein contained shall prevent differentials in prices as between purchasers depending solely upon whether they purchase as factors, or wholesalers, or retailers, or consumers, or for use in further manufacture.

Mr. ROBINSON. Mr. President, will the Senator be good enough to explain the effect of the proposal?

Mr. AUSTIN. The direct effect is to make it read as follows:

Provided, That nothing herein contained shall prevent differentials in prices as between purchasers depending solely upon whether they purchase as factors, or wholesalers, or retailers, or consumers, or for use in further manufacture—

And so forth. The effect of the change is to make consumers one of the classes comprised in the proviso. The proviso as it is written narrows the class down to those who are customers from a middleman. The words "for resale to" narrow the description down to only those persons who would be the customers of a manufacturer who is selling to a wholesaler for resale or to a retailer for resale or to a customer for resale. The proposal is to include manufacturers whose consumers are customers.

Mr. LOGAN. I think I may say to the Senator from Vermont that I understand what he is trying to do and I can see no objection to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I move to insert at the bottom of page 8, the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from New York offers an amendment to the amendment, which will be stated.

The CHIEF CLERK. After line 12, page 8, it is proposed to add the following:

(e) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, knowingly to induce or receive a discrimination in price or terms of sale, which is prohibited by this section.

Mr. ROBINSON. Mr. President, as I understand—and I inquire of the Senator from New York whether my understanding is correct—he has offered the amendment in the form in which it was submitted to me yesterday evening.

Mr. COPELAND. Yes, sir; I have.

Mr. ROBINSON. This amendment makes the person who knowingly receives an unfair, discriminatory price also liable; and I think it is sound in principle.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I desire to have my constituents know that I have proposed the various amendments which have been worked out between us. Out of the sheaf of amendments I had, the one that has just been adopted is the only fruit that has been garnered. I wish my constituents to know that I did the best I could, but I also know when I am thoroughly licked; so I shall not offer the other amendments.

Mr. VANDENBERG. Mr. President, I now desire to ask for a little more light on the final proviso at the top of page 6; and I am forced to do so because of the rejection of the amendment I offered a short time ago.

It seems to me the rejection of the amendment squarely carries the intent and influence and purpose of the bill out of the field of retail merchandising and into the field of manufacture and industrial production; and that becomes a very serious question which has not been canvassed in any substantial degree at all.

The Senator from Arkansas [Mr. ROBINSON], when he was discussing my amendment, referred to the fact that it related to the automotive production business. While it did not so relate in terms, it obviously would relate to automotive production; and I therefore desire to recur to automotive production for the purpose of submitting an inquiry to the Senator from Arkansas and the Senator from Kentucky [Mr. LOGAN].

At the top of page 6, the final proviso regarding the question of permitting price differentials on account of quantity is limited to cases where buyers are so few as thus to be promotive of monopoly. I wonder if the Senator from Kentucky can tell me what that means in specific terms. How few do purchasers have to become before they are inherently suspect?

Mr. LOGAN. Mr. President, let me say to the Senator from Michigan that, as provided in the bill, they must be so few that their practices in securing discounts because of quantity tend to form a monopoly. The discounts which they receive by reason of the size of their purchases must be unjustly discriminatory or promotive of monopoly before the Federal Trade Commission may consider them.

I do not know at this time of a case anywhere that the language would reach. It may be that there would never be such a case; but what we had in mind in the consideration of this provision was that there might be one concern or two concerns with such purchasing power that they could buy in such tremendous quantities that they would be buying without competition, and that if such an occasion should arise, and the discounts secured by reason of large purchases would tend to promote a monopoly or be unjustly discriminatory, then the Federal Trade Commission, after hearing all parties, should have power to say, "Above a certain quantity you shall not have any quantity discounts." That is about the best I can explain the matter.

In the ordinary course of business there is nothing in the bill that prevents quantity discounts; but I realize that purchasers might be so few that not only could they drive everyone else out of business but they could destroy the manufacturer himself by coercing him into granting discounts that were unjustly discriminatory. That is my understanding of the matter; but I know of nothing that the provision was aimed at, except that a condition such as that might arise.

Mr. VANDENBERG. Let me trespass further upon the Senator's good nature.

The automobile industry is necessarily confined to a comparatively few producing units. If it were not thus confined, the American public would not have the advantage it enjoys today of an exceptionally high value at an exceptionally low price, and the country would not be enjoying the reflected benefit of the induced prosperity that has come from that precise formula, and a result that is constantly applauded by the Senator and his associates across the aisle as one of the great products of the present age.

It seems to me, as I read the proviso at the top of page 6, that the automotive producing industry would be perpetually at the mercy of the Federal Trade Commission whenever the Federal Trade Commission desired to investigate and determine, in its own good time and entirely on its own responsibility, that there were not enough automobile manufacturers, and therefore the quantity discounts, which are a necessary part of the cheap production of cars, must cease.

I cannot for the life of me see any advantage, in public policy or anything else, in putting a legitimate trade of that character in this constant jeopardy. What has the Senator to say about that?

Mr. LOGAN. Mr. President, I do not see how the provision affects the automotive trade at all, but a condition like this might arise:

Suppose, for instance, one of the large automotive companies is engaged in selling a certain fixture to the automobile trade. One company to which it sells has a purchasing power so great that it can buy in lots, say, of $10,000,000. Another company, engaged in manufacturing and selling automobiles, may be able to buy only $100,000 worth or a million dollars' worth, while the larger one could buy $10,000,000 worth. If increasingly larger quantity discounts are permitted, when one company's purchases get up to the tremendous sum of $10,000,000 while the other cannot purchase more than the amount I have stated, it would seem to me that there can be no harm in saying that in allowing quantity discounts there shall be taken into consideration how far the competitors can go, and the quantity limit shall be fixed where there will be competition.

I do not see what harm that could do to anybody. It is true that the purchaser having a tremendous power of money could perhaps force greater discounts than he was entitled to; but if he did not get any discounts at all, if the selling concern wanted his trade, the price might be made lower without discounts.

I do not see how this provision could hurt anyone. It might do this: In the sale of automobile parts, a company manufacturing automobiles might reach the point where itself it would have to go to the Federal Trade Commission because it was buying some of its parts from someone who had absolute control of the market. But I just cannot figure out how this provision could ever be used unless the competition had grown so weak that the discounts were unjustly discriminatory and monopoly might be promoted; and I do not believe the Senator from Michigan or anyone else would like to see a condition arise where monopoly might result. I know he is against that, and so am I, and so is everyone else. Then we have to lodge somewhere the discretion to determine what may create a monopoly; and we know that it will be created, if it ever is created, through the tremendous purchasing power of a few.

I say to the Senator that I believe in some instances the purchasing power now has become so great that discounts that are unjustly discriminatory are made in order to retain the trade or the custom of particular groups, or, we will say, one particular group. If that is followed to its logical conclusion, the time will come when one manufacturer will be of such gigantic proportions that the quantity discounts to him, when he goes to his full limit, will be so great that he can drive all the others out of business.

Mr. O'MAHONEY. Mr. President, may I interject a remark at that point?

Mr. VANDENBERG. Just a moment, Mr. President. The last example to which the Senator adverts, I apprehend, is in the field of retail merchandising.

Mr. LOGAN. I should think so; yes.

Mr. VANDENBERG. Is it not a fact that this provision was written entirely with the field of retail merchandising in mind, and that it never was contemplated that it was intended to reach into industrial production?

Mr. LOGAN. Really that was my idea about it. However, it had to be general. We could not pick out one particular business.

Mr. VANDENBERG. I understand.

Mr. LOGAN. But I had no idea, until the Senator from Michigan mentioned it, that it had anything to do with the automobile industry. It might have something to do with the industry of mining. It might be that the purchasing power of some manufacturer might be so great that he could buy coal in quantity limits that would enable him to drive out all competitors, and there ought to be some power somewhere—I do not care whether it is in the Federal Trade Commission or where it is—to say to those doing that which would promote monopoly that "Through quantity discounts you shall not be allowed to create such a monopoly." I do not know just how it should be done, but this is the best effort I could make at it.

Mr. VANDENBERG. The Senator has been very frank in saying that the proviso was drawn in contemplation primarily of retail merchandising and its related problems.

Mr. LOGAN. While I did not draw the measure, that has been my idea about it, and it is my idea now.

Mr. VANDENBERG. Exactly.

Mr. LOGAN. But I apprehend that if we attempt to make exemptions of particular classes of business we may run into difficulties with the Supreme Court. Congress at one time passed several laws exempting farmers from certain antitrust legislation, but the Supreme Court said, "You cannot do that." If we exempt one group, and make the law apply to another, I am afraid we may have some serious constitutional difficulty.

Mr. VANDENBERG. Mr. President, let me state what I desire to urge upon the Senator. The Senator, I repeat, has frankly indicated that the primary objective of this proviso is not in the field of industrial production at all.

Mr. LOGAN. So far as I know, that is true.

Mr. VANDENBERG. Very well. Is it not also true that the invasion of the field of industrial production by this legislation was never canvassed in the committee hearings?

Mr. LOGAN. The industries had opportunity, I may say to the Senator, at all times to present their side of the case, and I would not undertake to say from memory that they did not. I am under the impression that they did; that the representatives of industry appeared before the House committee, and that some of them testified.

I do not think it was ever considered that the measure under consideration would very seriously affect manufacturers or industry of that kind, in its present form. I doubt whether it will ever seriously affect them. But conditions might arise where they would be affected by it. The evils which are apparent now, however, do not flow from that source.

Mr. VANDENBERG. But does the Senator think it is wise needlessly to invade a field not originally contemplated by the legislation when it can so easily be avoided? I think the Senator will say to me without reservation that his interpretation of the bill is that industrial producers can enjoy quantity discounts in their purchases so long as they are equivalent as between equal buyers.

Mr. LOGAN. That is correct.

Mr. VANDENBERG. Yet when I try to state that in terms of an amendment offered to the bill the Senator says I cannot do it, and he leaves me tremendously at a loss to understand whether I am to believe his thoroughly candid assurance to me or whether I ought suspiciously to interpret his vote.

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

Mr. VANDENBERG. I yield.

Mr. ROBINSON. Of course, the sale of parts to be put together by the purchaser into a completed commodity is merchandising in a very practical sense, almost in every sense, so that the distinction which the Senator makes is, in my judgment, not a valid one.

With reference to the necessity for the proviso at the top of page 6 relating to the Federal Trade Commission, I recall, although I have not the record before me now, but can state it somewhat accurately, a case in which a packing concern arranged to make purchases in quantity lots of $10,000,000, and in another year in quantity lots of $9,000,000. There was no other packing concern that could purchase in such lots. Hence the classification into the $10,000,000 grade tended to give that purchaser the powers of a monopoly.

Take another case, that of a large chain-store grocery concern purchasing $800,000,000 worth of goods annually. There is no other chain-store concern that at all approximates that one in purchases, and without some such provision in the bill as that to which I am referring it might very well secure discriminations in price because of quantity purchases where there would be no other purchaser competing. The result would be that it would acquire a monopoly, in many communities, at least, by reason of the benefits it secured through price differentials on large quantities.

There is another case which has been fully investigated by the Federal Trade Commission and which is referred to in the House committee report where one company made enormous purchases of rubber tires, always in quantity lots, where there was no competition, and where, by reason of the advantages and benefits it secured through those large quantity-lot purchases, it acquired an advantage of an average of 26 percent over the agents of the tire company that sold to the beneficiary of the price discrimination. Throughout a period of years the advantages thus derived by that one purchaser, in a class to itself, aggregated $41,000,000. Similar conditions resulted in the case of the packer concern to which I have alluded.

I am very much interested in the discussion of the Senator. I have an engagement which will compel me to leave the Senate in a few moments, and I shall have to ask to be

excused, but I do not feel that there is any harm in this provision unless one bases his conclusion on the assumption that the purchaser of large quantity lots seeks to get an advantage to which he is not entitled under the bill or unless he bases his conclusion on the theory that the Federal Trade Commission will be unfair and that it will exercise an unsound discretion.

The sole object for which it may exercise this power is to prevent monopoly. The exercise of the power for that purpose is wholesome and essential unless one takes the view, as some do, that monopoly is desirable and should be encouraged. Of course, if we are to proceed upon that theory, there is no use in regulation at all, there is no value in any form of regulation. The whole theory of government regulation is the protection of the public against oppressive practices and against the results of monopoly.

Mr. VANDENBERG. Mr. President, if the Senator can linger just long enough to permit me to put this proposition to him, I think I can summarize in a few sentences the thing I should like to have him agree to.

I share all the sentiment he expresses regarding monopoly. I am seeking no discriminatory advantage for anybody. The case regarding the tire company to which the Senator referred was corrected under existing law.

My feeling is that the bill was drawn for a specific purpose, and that we now discover many instances in which the bill applies to many situations and circumstances not directly contemplated in the first instance, when it was prepared.

Mr. ROBINSON. Mr. President, if the Senator will permit me, I am not at all willing to admit that premise. The Clayton Antitrust Act contains terms general to all purchasers. The pending bill does not segregate any particular class of purchasers, or exempt any special class of purchasers. The same is true of the Van Nuys-Borah bill, which was adopted as an amendment to the pending bill on yesterday, and I think it is true of all the other bills on this subject which have been introduced. There is no reason for a discrimination in favor of one class of purchasers. The language of the existing law is general, and the language of the present bill is general; and the inevitable result of a proposal to except a class of purchasers would be to leave that class free to enjoy any kind of discrimination it can secure, even though it may result in monopoly.

Mr. VANDENBERG. Will the Senator let me finish the proposition I am trying to submit to him?

Mr. ROBINSON. Yes. I thought the Senator had finished.

Mr. VANDENBERG. Many industrial producers of the United States feel—let me put it that way—that this bill was not primarily intended to concern them.

Mr. ROBINSON. May I interrupt the Senator?

Mr. VANDENBERG. Yes.

Mr. ROBINSON. I think that is true as a general proposition. The bill deals with the purchase and sale of commodities.

Mr. VANDENBERG. Yes; and because of that fact they feel that the effect of the bill in the larger basic field of industrial production has not been adequately inquired into for the sake of the protection of the legislation itself. They feel, and I feel, that this phase of the matter has been only casually touched upon in committee hearings either in the House or Senate, and that almost no considered attention has been given to it.

Here is my proposition to the Senator: The bill apparently is going to be sent to conference with the Borah-Van Nuys bill attached, there to meet the Patman bill and perhaps the Utterback bill, and there to be finally resolved by the conference committee into one adequate, wise, and completed piece of legislation. It seems to me that with that prospectus the Senator ought to be willing to let my amendment go into the conference to raise the point I am bringing to him for whatever consideration it is worth when the time comes. Otherwise it is foreclosed.

Mr. ROBINSON. Mr. President, it is entirely true that we frequently see it happen on the floor of the Senate that an amendment is incorporated in a bill when it is expected that the amendment probably will be eliminated in conference; but it is also true that once an amendment is agreed to by either House, it becomes the duty of the conferees on the part of that House to stand upon the amendment, to insist upon its retention in the bill. Many years ago we established here that principle, namely, that conferees representing either House in efforts to adjust differences respecting legislation are in good faith obligated to carry out the will of the House by which they were chosen. So I should not like to put myself in the attitude of saying to the conferees, "I think this is an amendment consistent with the general purposes of the bill. Therefore you are instructed to urge its adoption in the final draft of the legislation."

It is true, as the Senator has suggested, that the conferees in the last instance will have to harmonize the differences between the two Houses, and in doing that they will probably work out a measure somewhat different from what either House has passed. The best I can say to the Senator is that I will give further consideration to his suggestion.

Mr. VANDENBERG. I realize that what the Senator says about Senate amendments is ordinarily true, but I think we can frankly agree that this is going to be a somewhat different kind of conference. I think we are proceeding on a different sort of basis in connection with the conference. We have taken the Borah-Van Nuys bill, which was originally intended as a substitute for the Robinson bill, and we have added it to the Robinson bill, so both of them can be there for consideration. Under the circumstances the conference will be of a little less than ordinarily binding importance insofar as Senate instructions are concerned; and, if this opportunity shall be afforded, I think the Senator will achieve in many industrial centers of the country a feeling of greater confidence in the purpose of the bill to give them all a day in court.

Mr. ROBINSON. I shall try not to conclude action on the matter just at this juncture.

Mr. AUSTIN. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an editorial published in the Labor World of April 1, 1936, bearing upon the pending question.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorial is as follows:

[From the Labor World of Apr. 1, 1936]

CONGRESSMEN, WARNING!

There are two bills now before Congress the general purpose of which seems to be to still further hamper business, and these particular bills will "restrict" chain stores, as well as many manufacturing businesses.

The Borah-Van Nuys bill is now before the Senate, and the Patman-Robinson bill, the most vicious of the two, which has just been heard before the Judiciary Committee of the House, has been reported out favorably recommended. The bill provides, in effect, that it shall be unlawful for manufacturers to "discriminate" between purchasers (such as stores) either in the price or terms of sale. It would be well for the Members of Congress to remember that this bill would undoubtedly increase the cost of living 8 to 10 percent and would be detrimental to labor. It would add almost a billion dollars to the cost of living of the American people.

Samuel Gompers, the late president of the A. F. of L., once said:

"Labor should unite to oppose any movement to advance the cost of living. Most of these profiteering movements are insincere, economically unsound, and born of the racketeer, either political or otherwise."

There is already a big stir in labor circles over these bills, and Congress will hear from labor, because at this time, when there are almost 13,000,000 people out of employment and more than 20,000,000 on relief, it is the height of insanity to increase the cost of living. Labor will not stand for it.

Throughout the depression the chain store has been a friend of the poor man, because the cost of living has been kept within reason. So why hamper them in their service to the people, or why pass additional unconstitutional legislation?

Congressman CONNERY, who is a representative of labor in Congress, is reported to have recently said that the Members of the Seventy-fourth Congress will have little to carry back to their constituents to recommend them for reelection. So why add one more black eye to the long list of deficiencies of the Seventy-fourth Congress which are bound to keep a large percentage at home?

Congressman PATMAN argues that "the real independent merchant and businessman is in favor of this bill. It is in the inter-

est of the consumers, wage earners, and farmers, and the general welfare of the people. In truth and in fact, if the Robinson-Patman bill is enacted into law, the consumer will save billions of dollars a year", PATMAN declares. Then PATMAN goes on to cite methods used by the chain stores to get prices down, reading into the record a letter from J. M. Harris, of Texarkana, Tex. Thus PATMAN contradicts his own argument that the bill will save the consumer. It makes an absurdity of PATMAN'S whole argument, which is clothed in gross exaggeration and strong language.

The truth of the matter is, the Robinson-Patman bill will stop direct sales by the manufacturer to both the chain store and the independent merchant. It will create a middleman. It will increase costs in handling the goods. It will injure labor by causing more unemployment. It will add millions to the cost of living of the American people, and it will introduce new evil practices into American business born of deceit and such laws as PATMAN seeks to enact into law. These things alone totally condemn both these bills at this time, but it would also hamper the farmer in his dealings with his biggest customer, the chain store. Without creating an alibi for the chain store, which is now with us and part of the American system, whether right or wrong, there are a number of arguments in its favor. It connects the consumer with the door of the factory, with less waste, than any other form of merchandising. The manufacturer, particularly the small manufacturer, likes this system because it saves him the cost of selling, and it keeps his labor employed. He often knows a year in advance what his labor and other ordinary costs will be. It increases the volume of production and the number of dollars that can be paid out to labor.

The chain store is a highly competitive business, hence it continually fights to keep prices down. The chains save the consumer at least 10 percent. At the same time it has forced the independent merchant to modernize and make more efficient his own business. The live independents are not worrying about chain-store competition. The Federal Trade Commission, in its investigations, has found that the chain has held down prices to the consumer in all competing stores and that the chain has paid wages better than the average.

Labor in the country is now restless. There are strikes by the hundreds and more in the making. There are almost 13,000,000 idle workmen in the country, according to the figures of the American Federation of Labor. Labor has full knowledge of these facts and the Members of Congress who come before the people at the fall elections, and it is watching such legislation as the Robinson-Patman bill, with a vicious ulterior motive behind it, and which will undoubtedly increase the cost of living to both the wage earner and the unemployed, and with it the tax bill of the American people. The wage earner's wife, now rightly up in arms at the increasing cost of living, is already protesting. It is both economic injustice and industrial revenge. It will be well for the Members of Congress to remember the words of Samuel Gompers. It would be well for Congress to keep in mind that the food bill of the wage earner is on the climb. Labor resents it. He will have the chance to express his resentment at the polls in 1936.

These bills are also said to be unconstitutional. They will create chaos and unrest while they are pending in court. They will hamper every manufacturer in his dealings with his dealers. Labor will not stand for this stab in the back at this time when wages are not advancing as fast as the cost of living. Many wage earners are now looking on with wonder as Congress passes unconstitutional legislation. They are beginning to feel that they are being fooled.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. VANDENBERG. Mr. President, is this the final vote?

The PRESIDING OFFICER. Yes.

Mr. VANDENBERG. I shall have to renew my appeal to the Senator from Kentucky, and ask him if he will not permit my amendment to go to conference, and thus give industrial production in America "a chance for its white alley."

Mr. LOGAN. Will the Senator indulge me for a moment until I can have the opportunity to ask whether there are any other amendments to be proposed?

Mr. McNARY. Does the Senator mean amendments to the committee amendment?

Mr. LOGAN. Yes.

Mr. McNARY. I have one amendment which the Senator from Arkansas this morning stated he desired further time to consider.

Mr. LOGAN. That is exactly what I wished to ascertain. The Senator from Arkansas has just left the Chamber. On his return I think we can dispose of this whole matter.

Mr. McNARY. Mr. President, I am advised that there are other amendments to be offered. I know the Senator from Utah [Mr. KING] has an amendment.

Mr. LOGAN. Mr. President, I may say to the Senator from Oregon that in reply to my inquiry no one indicated a desire to present any further amendments. The Senator from Utah does have an amendment. Someone, perhaps, might notify the Senator from Arkansas that we have about concluded action on the amendments. The Senator from Vermont [Mr. AUSTIN] says he has no further amendments, and, so far as I know, there are no other amendments to be offered except the one which was offered by the Senator from Michigan [Mr. VANDENBERG] and the one offered by the Senator from Oregon [Mr. McNARY].

Mr. McNARY. Mr. President, let me address a remark to the Senator from Kentucky. Is it his opinion that the amendment I suggested this morning in behalf of the dairy industry is included in the amendment proposed by the Senator from Idaho [Mr. BORAH] and the Senator from Indiana [Mr. VAN NUYS]?

Mr. LOGAN. It is my judgment that the amendment which was proposed by the Senator from Idaho and the Senator from Indiana, and which was agreed to, allows discrimination in price to meet competition in different communities; and, as I understand, that is exactly what the Senator from Oregon proposes in his amendment. At the moment I do not have before me the Borah-Van Nuys amendment. I am quite sure it contains that specific provision.

Mr. McNARY. I shall be very happy, indeed, if the Senator will refer to that amendment, and let the RECORD contain the precise language which the Senator believes incorporates the amendment I have suggested.

Mr. LOGAN. Mr. President, I will call the attention of the Senator to the fact that there is this provision in the Borah-Van Nuys amendment:

Nothing in this section shall prevent a cooperative association from returning to producers or consumers, or a cooperative wholesale association from returning to its constituent retail members, the whole, or any part of, the net surplus resulting from its trading operations in proportion to purchases from, or sales to, the association.

That is the provision as it relates to the association feature. I will have to read other portions of the amendment in order to find exactly what I had in mind:

SEC. 2. It shall be unlawful for any person engaged in commerce, in the course of such commerce, to be a party to, or assist in, any transaction of sale, or contract to sell, which discriminates to his knowledge against competitors of the purchaser, in that, any discount, rebate, allowance, or advertising service charge is granted to the purchaser over and above any discount, rebate, allowance, or advertising service charge available at the time of such transaction to said competitors in respect of a sale of goods of like grade, quality, and quantity; to sell, or contract to sell, goods in any part of the United States at prices lower than those exacted by said person elsewhere in the United States for the purpose of destroying competition, or eliminating a competitor in such part of the United States.

That prohibits the sale in competition for the purpose of destroying competition or eliminating a competitor in any part of the United States; but, as I understand, it allows prices lower than those exacted from other customers unless it is to eliminate a competitor.

That is the construction that I have placed on it. I should like to say to the Senator from Oregon that the provision which I had directly in mind is the one that is included in the bill reported to the House by the Judiciary Committee of that body. If the Senator desires to offer his amendment now, although I notice the Senator from Arkansas has temporarily left the Chamber, we will see if we cannot dispose of it at this time. I have not seen the final form of the amendment; but, in view of the fact that the House committee has such a provision in the bill reported by it, and in view of the further fact that the majority leader, the Senator from Arkansas [Mr. ROBINSON], has agreed to give the matter further consideration, and is for the moment absent, and with a view to reaching a conclusion, I will make no objection to the amendment of the Senator from Oregon being adopted.

Mr. McNARY. I thank the Senator. The Senator from Iowa [Mr. MURPHY], who is greatly interested in the dairy industry, entertains the view, Mr. President, that the language in the Borah-Van Nuys bill includes the language I have suggested. The Senator is temporarily absent and so

is the Senator from Indiana [Mr. VAN NUYS]; but, in view of the very generous and kindly attitude of the Senator from Kentucky [Mr. LOGAN] to take the amendment to conference for the purpose of further consideration, I shall now offer the amendment.

Mr. LOGAN. Mr. President, will the Senator from Oregon yield, so that I may present to him another amendment on the same subject and ask his opinion as to whether his amendment will be necessary if the one I now show to him should be adopted, or if that one would be necessary if his amendment should be adopted?

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on the amendment offered by the Senator from Oregon.

Mr. LOGAN. Mr. President, with the consent of the Senator from Oregon, let me say that the amendment of the Senator from New Jersey [Mr. MOORE] seems to me to cover the point expressed in the amendment of the Senator from Oregon, but goes a little further. I can hardly see the necessity for adopting both of them; and if the one which is a little fuller, offered by the Senator from New Jersey, is satisfactory to the Senator from Oregon, I think we might let that amendment be incorporated in the bill, instead of that of the Senator from Oregon.

Mr. McNARY. Mr. President, I see, from a hasty reading of the proposal of the Senator from New Jersey, that it probably does include the suggestion I have made but goes a little further. I have no objection to that amendment. I think it might be well, since it will probably be necessary to write the bill in conference, that all worth-while suggestions that may be offered should be incorporated in the bill so that the conferees may sit down and finally perfect a bill.

Mr. LOGAN. That is very fine, but it is rather cumbersome to incorporate in the bill two worthy suggestions both just alike. As a matter of fact, I have just said to the Senator from Oregon that I would make no objection to letting his amendment go in the bill.

Mr. McNARY. Mr. President, there are other Senators vitally interested in the dairy industry, and I believe, before final action is taken, I must suggest the absence of a quorum so that they may have an opportunity to be present.

Mr. KING. Mr. President, will the Senator yield for a moment?

Mr. McNARY. I yield.

Mr. KING. I am compelled to attend another committee meeting and should like to have considered an amendment which I offered yesterday. It is important not only to the mining States but to the oil States and coal-producing States. Will the Senator consent that the amendment be considered at this time?

Mr. McNARY. I should be very glad to accommodate the Senator from Utah.

The PRESIDING OFFICER. The amendment proposed by the Senator from Utah will be stated.

The CHIEF CLERK. In the committee amendment, following the amendment heretofore agreed to, on page 8, after line 12, it is proposed to insert the following:

(e) Nothing in this section contained shall prevent the sale or purchase of crude mineral products or metals in the form in which they are loaded for shipment at prices or terms of sale based upon differences in the grade, quality, or quantity of such products, or that make only due allowance for differences in the cost of selling or transportation, or discrimination in the price of such products in the same or different communities made in good faith to meet competition.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING] to the amendment reported by the committee.

Mr. ROBINSON. Mr. President, I understand the pending amendment is that offered by the Senator from Utah?

Mr. KING. It is.

The PRESIDING OFFICER. The Senator from Oregon [Mr. McNARY] temporarily withdrew his amendment for the purpose of permitting the Senator from Utah to offer an amendment.

Mr. McNARY. That is the parliamentary situation.

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER. The Senator from Arkansas has the floor.

Mr. ROBINSON. Mr. President, the effect of this amendment, if adopted, as I interpret it, would be to remove minerals from the operation of the bill?

Mr. KING. Only as to quantity.

Mr. ROBINSON. With respect to quantity allotments. The proponents of this amendment contend that the proposed legislation, if enacted, would not affect them; that they would not be involved in questions of unfair price discrimination; and yet, at the same time, they ask the legislative authority to exempt them from its provisions. I do not believe in this amendment; I do not think, if adopted, it would improve the bill. The Senator from Utah feels that it would do so.

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

Mr. ROBINSON. I yield.

Mr. COUZENS. The Senator from Kentucky [Mr. LOGAN] a while ago said if we started making these exceptions that undoubtedly the bill would be declared to be unconstitutional; he made several references to that point. I do not desire to discuss any constitutional question, but I merely wanted to refer to what the Senator from Kentucky had heretofore stated.

Mr. KING. If the Senator from Arkansas will yield, may I say that I have numerous authorities here showing that this classification is supported by the decisions of the Supreme Court?

Mr. ROBINSON. Mr. President, I feel constrained to say that I do not believe any serious constitutional question is involved in this proposed legislation. With the distinct understanding that I do not approve this amendment, and that I shall not help to keep it in the bill unless the conferees should find it would have a wholesome and helpful effect, I am not going to make further objection to the amendment.

Mr. KING. Mr. President, I have proposed this amendment in the interest of the mineral industries which are vital to our modern industrial development.

The products of our mines are bulk, basic raw materials which do not enter into the channels of retail distribution. To the best of my knowledge, the mineral industries neither sell nor purchase from chain stores. The alleged abuses in that field of merchandising do not exist in the sale of mineral products and metals, and there is no complaint that as to this important field of industry the present Clayton Act is not entirely adequate. There is no need of any remedial legislation for the mineral industry, and the proposed bill, if applied to that industry, would abrogate long-established practices which are of great importance in the systematic conduct of mineral production.

This bill would greatly hinder the mineral or metal producer in disposing of his output through long-time contracts which involve quantity-price differentials. Such contracts are essential to the orderly planning and efficient extraction of our mineral resources. Quantity sales and quantity-price differentials under existing law are essential to low costs, steady operations, stability of employment, efficient extraction of mineral deposits and utilization of large tonnages of lower grade or "marginal" ores which would otherwise be entirely lost. They are thus a potent influence in conservation of natural resources.

It is believed by many that the bill before us would limit quantity differentials to definitely provable differences in cost of production, sale or delivery resulting from quantity sales. This requirement, coming as it does within the extremely controversial field of cost accounting, would impose an impossible burden of proof upon the mine operator. Who can say what the difference in cost of production of a ton of coal may be, for example, when produced for sale in small lots only, or when produced under long-term contracts calling for many thousands of tons? Under the first condition it may not be possible to operate a mine at all, whereas the second condition will permit large-scale, efficient operations.

The proposed bill would to a large extent put the mineral or metal producer in a strait jacket and would prevent that flexibility which is essential in disposing of his product. This applies not only to the metals and their ores, to coal and other similar minerals, but to petroleum.

When oil commences to come out of the ground the lease owner, or operator, has to sell it immediately at the best price he can get. It is a rare instance where he owns adequate tankage to store it, and if he has time and financial ability to construct tankage, it would frequently not be worth while to do so, because the oil might become exhausted. The flow of the oil when once started is continuous and the owner cannot interrupt it to arrange uniformity of prices. Long-term commitments are frequently imperative to assure a continued market.

My amendment follows the language of the present section 2 of the Clayton Act, and its effect would hence be to continue mineral products and metals subject to the same degree of regulation as heretofore. The exception which it provides would cover the crude unfabricated mineral products and metals in the form in which they are loaded for shipment.

I earnestly submit the desirability of making this exception in the case of the mineral industry where the disturbance arising from the proposed legislation would be vast and widespread, and would have a most disturbing effect on the important public policy of the conservation of natural resources of this country.

I shall ask to submit for the RECORD additional facts showing the necessity for this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. KING. Mr. President, I ask to have inserted in the RECORD as a part of my remarks statements prepared by representatives of the American Mining Congress, in respect to the amendment and in part explanatory thereof.

The PRESIDING OFFICER. Without objection, the statements will be printed in the RECORD.

The matter referred to is as follows:

PROPOSED FORM OF AMENDMENT

The source of the language of this suggested amendment is the existing Clayton Act as indicated previously; the portion of the amendment reading "crude mineral products or metals in the form in which they are loaded for shipment" has been suggested by the action of the Bureau of Internal Revenue in regulations 86 governing the income tax under the Revenue Act of 1934. In article 23 (m) 1 (g) the Bureau defines the phrase "gross income from the property" as applied to the depletion sections of the Federal income-tax law. In so doing it sought to define the status of mineral products insofar as their crude unfabricated marketable state was concerned and reference thereto will show that the principles as set forth by the Bureau of Internal Revenue in such cases are largely adopted in the proposed amendment. The purpose of such a limitation is to render only crude mineral products or unfabricated metals subject to the exception created by the amendment.

In excepting the products of the mining industry from the provisions of the proposed act and leaving them subject to the provisions of the existing law governing quantity price differentials, the mining industry will not be left unregulated but will be subject to a regulatory measure of the same sort which prompted the adoption of the existing provisions of the Clayton Act. The debates concerning section 2 of the Clayton Act appear conclusively to establish that it was intended to forbid the uneconomic practice of temporarily cutting prices in the locality of a competitor, for the purpose of driving him out of business and to establish a monopoly thereafter. The section is inapplicable, therefore, to a long-term relationship, such as generally exists in the mining industry, profitable to both of the parties, made with no intention of capturing the market and subsequently raising the price to monopolistic levels.

FACTUAL BASIS FOR A CLASSIFICATION EXCEPTING MINERAL PRODUCTS AND METALS

It is recognized that any amendment creating an exception in the case of mineral products and metals must be within the requirements of the fifth amendment; that it be reasonable and not arbitrary or capricious; that classifications to be valid must be upon recognized and established differences and that the line drawn between various classes must be definite and reasonably related to the purposes for which the regulation is designed.

It is striking that throughout the hearings on this legislation there has been no evidence which indicates that the evils and abuses, which are claimed to exist in the field of retail distribution and particularly as to chain stores, are applicable to the mining industry.

In the brief submitted by the United States Wholesale Grocers Association, one of the leading proponents of this type of legislation, the alleged evils sought to be corrected are enumerated, as follows:

"The factual data presented before the committee amply establish that these evils are prevalently found:

"(1) In the grant of quantity discounts exceeding any marginal cost differences between the customers concerned; that is, unsupported by 'differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered.' (Patman bill, p. 2, lines 17–20.)

"(2) In the payment of brokerage by the seller to dummy brokerage concerns owned and controlled by large buyers and serving the latter's interest.

"(3) In the grant of advertising and similar allowances which are either out of relation to the value of any service or facilities rendered in exchange, or which in any case result in saddling onto the seller the burden of the preferred customer's advertising cost, whereas his smaller competitors must sustain their own" (p. 247, hearing before the Committee on the Judiciary, 74th Cong., 1st sess., on H. R. 8442 et al.).

It appears significant that as to none of these alleged evils has any reference been made which relates them to the mining industry. As a matter of fact, there are definite and essential differences in the production and distribution of mineral products and metals from that of other commodities and particularly of commodities such as food, clothing, tobacco, etc., which have been brought within the chain-store plan of retail distribution. The sale of the products of mines at retail is negligible; the mining industry, to the best of our knowledge, neither sells to nor purchases from chain stores.

The products of mines are peculiarly susceptible of sales arrangements covering large quantities and long-term contracts. Virtually all minerals and metals are in the first instance bulk basic raw materials, sold in large quantities and not susceptible of general retail distribution. Some retain their characteristics as a basic raw material up to the stage where they have undergone some processing. This has been borne in mind in the form and language of the suggested amendment, which would apply to minerals and metals in the form in which they are loaded for shipment, for it is usually up to the point of shipment that minerals or metals retain their crude character.

The benefits to the mineral industry and to the public of large-quantity sales are many, including not only reduced costs of production, reduced selling and distribution expense, but in many cases the ability to schedule operations with reasonable continuity, without which it would be difficult or impossible to operate a mine at all. Consider, for example, a mineral producer who disposes of large tonnages through contracts extending over a considerable period. This assured outlet enables this producer to plan his operations systematically, keep his organization together, and give steady work to his employees, a result which could not be obtained except by his ability to quote a more attractive price on large contracts than he could quote on small-lot business.

In the field of mining the conservation of natural resources of the country is recognized as an important public policy. Today there is no partisan question as to this doctrine, and it is generally accepted that any form of legislation which directly or indirectly impairs this doctrine is inimical to the public welfare.

The inherent characteristic of minerals and metals as wasting assets largely governs the actual operations and practices of the mineral industry. Quantity sales, with their concomitant price differentials, are established and justified trade practices in the mineral field. Upon quantity sales and long-time contracts in large part depends the solution of the problems of efficient mining, better extraction, stability of employment, and the minimizing of so-called "selective mining", which may be so wasteful of the mineral resources of the Nation. Such selective mining involves, in plain language, the skimming of the cream, the taking under economic pressure only of the best.

Good management in the conduct of mineral production contemplates careful planning not for a few months or years but to extend continuously over a long period of years. A proper cost of production is dependent upon efficient mining and planning, and of great importance in such planning is the ability to dispose in the market of sufficient quantities of the product to give the cost benefits resulting from a sufficiently large continuous volume.

The effect of continuous large-scale production in accomplishing a substantial reduction in cost is well recognized. If a steady output in reasonably large volume can be maintained, it will enable the mine operator to mine a lower grade of material than would otherwise be possible, thus making available to the public a large tonnage of marginal ores which would otherwise be entirely lost. If, on the other hand, legislative restrictions on disposal of the output or other conditions are such that only the richer portions of a mineral deposit can be operated, the associated leaner portions which cannot stand the cost of being mined separately must frequently be abandoned and permanently lost. It is recognized, of course, that there are marginal mineral deposits which cannot operate at a profit regardless of the methods of selling the product; but the commercially workable mines should, in the interest of conservation of natural resources, be encouraged to extend their operations to the very lowest grade of material which can be

handled. To this end quantity price differentials should not be restricted further than in the present Clayton Act.

The above problems of efficient mining and better extraction are intimately involved in the most important question of stability of employment. Certain seasonal influences are extremely important in connection with the production of some of our minerals. Thus, for example, in the case of coal, it has always been the practice to endeavor to give the best measure of employment possible in the off season of the year by making long-time contracts which contemplate the storage of coal at or near the points of consumption. In the making of such contracts it is not only necessary but wise to make some concession in price. There is a very definite reason for this. A consumer who stores coal usually assumes all cost of unloading to storage and of lifting and transporting to the point of consumption. It is only reasonable that this assumption on the part of the consumer should be met in part by the producer. A similar situation exists as to other minerals.

In the production of both anthracite and bituminous coal there is a further problem which emphasizes the necessity for quantity price differentials. Accepted practice calls for the screening of the raw product of the mines into a number of sizes, varying from a large lump down to a fine slack. It is impractical to arrange storage at the point of production for sizes not readily salable at certain times of the year. For example, a production unit which is not protected by long-time contracts for the disposition of the fine sizes in wintertime will be compelled to shut down. In order to make necessary long-time contracts flexibility in quantity differentials is essential.

There is also no need for the regulation proposed by this bill in the case of crude petroleum. With an oversupply of crude in thousands of hands there is no opportunity for the producer to oppress the buyers who are ordinarily refining companies and who usually have some production of their own. Limitation to uniform prices would be a misfortune to the producer and hamper him in his efforts to get what he can in an oversupplied market. Oil prices fluctuate rapidly, and the lot of the producer is sufficiently difficult as things are now. On resales in bulk the situation is the same. The owner of the crude must find buyers where he can and frequently has more than one buyer can take, and should not have to bring all his prices down to his distress sales. The strong companies ordinarily refine the oil produced by them and do not sell it. The regulation proposed in this bill would hamper the weaker sellers particularly. There is no relief for the crude producer in the provisions of the proposed law for differences in costs; every lease varies from every other in amount of oil, expense of production, and frequently in quality. Most producers do not keep adequate or complete cost accounts.

Not only is a well, particularly a deep well, expensive to drill, like sinking a mine shaft, but the holder of several leases who finds oil on one must ordinarily drill the others or lose them or be subject to various liabilities. He must drill if his neighbors drill and keep up continuous production or lose the oil to wells offsetting his property. Oil flowing from one property to another belongs to the first person who takes it out. In a race like this none of them can wait for a market, or insist on his own price, or meet the uniformity of price contemplated by the proposed law.

Even if a producer has use or a market for one kind of oil, he may get oil of other characteristics which he must sell at the best price he can get or as to which he cannot wait to establish a uniform price. He will probably also have natural gas and "casing head", or natural gasoline, which he must market for what he can or else let go to waste. He must have freedom of sale for all products that come out of the ground, however varying in quantities or types, otherwise there will be uneconomic waste because of inability to store.

Mr. McNARY. Mr. President, I have formally proposed an amendment which was read from the desk a few moments ago, and I said that I desired to suggest the absence of a quorum, but I now see the two Senators present whom I wanted to have in the Chamber when the amendment was considered.

I should like now to ask the Senator from Iowa [Mr. MURPHY], who is always interested in the dairy industry, if he thinks the amendment I have offered is included within the provisions of the Borah-Van Nuys amendment?

Mr. ROBINSON. Mr. President——

Mr. McNARY. I yield to the Senator from Arkansas.

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

Mr. McNARY. I have propounded a question to the Senator from Iowa.

Mr. MURPHY. May I ask the Senator from Oregon to restate the question he addressed to me?

Mr. McNARY. I asked if, in the opinion of the able Senator from Iowa, the amendment which I proposed is embraced within the provisions of the Borah-Van Nuys amendment.

Mr. COUZENS. Mr. President, I suggest the absence of a quorum. We are transacting business with very few Senators present.

The PRESIDING OFFICER. Does the Senator from Oregon yield for that purpose?

Mr. McNARY. I do.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Oregon [Mr. McNARY] to the committee amendment.

Mr. McNARY. Mr. President, I had propounded an inquiry to the able Senator from Iowa [Mr. MURPHY], which I should like to have him answer at this time.

Mr. MURPHY. Mr. President, I find nothing in the amendment as the Senator from Oregon proposes it which is at variance with the spirit, not of the Robinson bill but of the Borah-Van Nuys amendment, which the Senate adopted yesterday. It would appear, however, that the situation against which the Senator from Oregon so zealously seeks to guard is guarded against effectually in the amendment offered by the Senator from Idaho and the Senator from Indiana.

For the benefit of Senators who may not have knowledge of the situation it may be stated that the National Milk Dealers' Association does an interstate business, selling milk, we will assume, in Camden, N. J., in Scranton, Pa., and in New York City. The prices asked for the milk in each of the three cities may differ.

It appeared under the language of the Robinson bill that it would be obligatory upon that milk dealers' association, because it is engaged in interstate commerce, to sell its milk in each of those cities at the same price, and it would not in those circumstances be able to reduce its price in any city to meet local or intrastate competition there.

The Borah-Van Nuys amendment, it seems to me, covers the situation in this language, and I read from page 2, beginning in line 7, of the Borah-Van Nuys amendment:

> To sell, or contract to sell, goods in any part of the United States at prices lower than those exacted by said person elsewhere in the United States for the purpose of destroying competition or eliminating a competitor in such part of the United States; or to sell, or contract to sell, goods at unreasonably low prices for the purpose of destroying competition or eliminating a competitor.

It appears to me, from my reading of that provision, that if the National Milk Dealers' Association should sell at a lower price in one city than in another milk shipped in interstate commerce to meet the competition of intrastate commerce, it would fall within its rights in so doing and would not be guilty of a violation of the provisions of this measure.

The amendment offered by the Senator from Oregon is fully in accord with the spirit of the Borah-Van Nuys amendment. I would reply to him that in my view—and this statement is made after reference to and consultation with the Senator from Idaho [Mr. BORAH] and the Senator from Indiana [Mr. VAN NUYS]—the Borah-Van Nuys amendment covers the situation entirely, but there is nothing, as I read it, objectionable in the amendment offered by the Senator from Oregon and, without harm to any interest, it could be adopted.

Mr. McNARY. I thank the Senator for his response to my inquiry.

Mr. MURPHY. I should like to ask the Senator from Indiana [Mr. VAN NUYS] to correct any error of statement I may have inadvertently fallen into in my response to the Senator from Oregon.

Mr. VAN NUYS. Mr. President, I concur entirely in the statement just made by the Senator from Iowa. I think the amendment proposed by the Senator from Oregon is in entire keeping with the intendment of the so-called Borah-Van Nuys amendment. I think it is in the bill already without his amendment, but his amendment would clarify the situation. So far as I am personally concerned, I shall be very happy to have the Senate adopt the amendment of the Senator from Oregon.

Mr. ROBINSON. Mr. President, independent of any language which might limit or modify the clause proposed by the Senator from Oregon, I should think it might be construed as somewhat inconsistent with the general purposes of the proposed legislation; but the language which has been quoted by the Senator from Iowa [Mr. MURPHY], contained in the amendment already agreed to, would modify and restrict the application of the language contained in the amendment of the Senator from Oregon so that no discrimination could be granted or permitted that had for its purpose and its effect the elimination of competition.

Without that modification I should doubt the value of the amendment, although I recognize that it is intended for a wholesome purpose. I think the latitude would be too broad if we merely said that "nothing herein contained shall prevent discrimination in price in the same or different commodities made in good faith to meet competition." The authority thus granted might be employed notwithstanding there was an effort to meet competition in ways that would be questionable; but so long as the provision cannot be used as a means of destroying or eliminating competition, I do not see how it can be harmful.

Of course, the conferees may conclude to retain the provision of the Senator from Oregon and eliminate the Van Nuys-Borah provision, in which event I should have consented to a modification of the bill that is, in my judgment, not wholly consistent with the purposes of the proposed legislation; but on the assumption that both provisions are to be retained, I think no damage can result, and it may prove beneficial. So I shall not interpose an objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. McNARY] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. ROBINSON. Mr. President, there remains one element of controversy and, I think, only one.

The Senator from Michigan [Mr. VANDENBERG] has been very gracious in presenting his amendment, and he has been very insistent on having it incorporated in the bill. I have stated to the Senate that I am not confident that the amendment is valuable; that I mistrust it insofar as it relates to what may be termed one class of sales and purchases. After all, however, that is a limited class. The Senator has appealed to have the matter considered in conference. I have been advised by my colleague, who has so ably assisted in connection with this bill, that he thinks it would be very well to have the Vandenberg amendment go to conference. In consenting that that shall be done, I wish to make it clear to the Senator from Michigan, as I did to the Senator from Utah, that my judgment does not approve the amendment; but I also recognize the fact that my judgment might be erroneous. A good many persons have believed it has been in times past.

With the understanding that I am not personally committed to the amendment and that the conferees may have liberty to do what they believe is fair and consistent with the interest of good and sound legislation, I am going to withdraw my objection, and if the Senator chooses to submit his amendment again I shall not object to it.

Mr. VANDENBERG. Mr. President, I thank the Senator. All I am seeking is to have a fair opportunity in conference for consideration of the merits of the argument I have submitted.

I ask unanimous consent that the vote by which the amendment was rejected be reconsidered.

Mr. ROBINSON. Very well.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan? The Chair hears none, and the vote is reconsidered.

Mr. VANDENBERG. Now I submit the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan to the amendment of the committee.

The amendment to the amendment was agreed to, as follows:

On page 5, line 17, of the committee amendment, insert the following:

Provided, That where such commodities are sold for use in further manufacture and in the production of a new product to be sold to the public, nothing herein contained shall prevent discrimination in price by reason of differences in quantity of the commodity sold.

Mr. MOORE. Mr. President, on behalf of the milk producers of New Jersey, I find it necessary to offer the amendment, which the clerk has at his desk, and which I ask to have read.

The PRESIDING OFFICER. The amendment offered by the Senator from New Jersey to the amendment of the committee will be stated.

The CHIEF CLERK. In the committee amendment, on page 6, line 14, after the word "trade", it is proposed to insert the following:

(e) Upon proof being made, at any hearing on a complaint under this section, that there has been discrimination in price, or services or facilities furnished, the burden of rebutting the prima facie case thus made by showing justification shall be upon the person charged with a violation of this section, and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination: *Provided, however*, That nothing herein contained shall prevent a seller rebutting the prima facie case thus made by showing that his lower price or the furnishing of services or facilities to any purchaser or purchasers was made in good faith to meet an equally low price of a competitor, or the services or facilities furnished by a competitor.

Mr. MOORE. Mr. President, all over the United States there has been great difficulty about the prices of milk. In New Jersey that was true. The producers of milk in New Jersey were starving. At the time I had the honor of being Governor of New Jersey we had a milk-control board. Prices were made that would permit these men just to live. The difference between poverty and prosperity was just 1 cent.

We have built up this system in New Jersey, in New York, in Pennsylvania, and possibly in other States of the Union. The milk producers in New Jersey feel that unless this amendment is adopted all of their work for all these years will mean nothing; that they will go back again to where they were. The amendment merely provides that if they charge more to one person than to another, or are accused of discrimination, they shall have a right to prove justification. I think the amendment goes just a little farther than the Borah-Van Nuys amendment or the amendment of the Senator from Oregon [Mr. McNARY].

On behalf of these people, who today have telephoned me, and who fear they are going to be thrown back, perhaps, to where they were, and have asked me to offer the amendment, I do so.

Mr. ROBINSON. Mr. President, the amendment of the Senator from New Jersey appears to be consistent with the McNary amendment and other amendments which have heretofore been agreed to. There is one feature of the amendment about which I am in doubt; and little opportunity is afforded to study the proposition, as I have not seen the amendment before it was brought forward here. I see no objection to its incorporation in the bill, so that the conferees may consider it along with the McNary and

Austin amendments which have heretofore been agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HALE. Mr. President, I should like to ask the Senator in charge of the bill if he will not accept an amendment on page 5, line 9, after the word "are", to insert the words "manufactured or produced and."

Mr. ROBINSON. Then it would read as follows:

Where such commodities are manufactured or produced and sold for use, consumption, or resale.

Mr. HALE. It would eliminate from the operation of the law goods that come in from other countries. Yesterday I put in the RECORD a letter showing the effect of the proposed legislation on one of our existing industries, which my amendment, I think, corrects.

Mr. ROBINSON. I do not believe the amendment is necessary, but in view of the explanation the Senator has made, I see no objection to it.

Mr. LOGAN. I think it is all right.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maine to the amendment of the committee.

The amendment to the amendment was agreed to.

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

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. 7092) for the relief of Capt. Percy Wright Foote, United States Navy.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the President pro tempore:

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. 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.;

S. J. Res. 247. Joint resolution 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; and

H. J. Res. 215. Joint resolution to amend Public Act No. 435, Seventy-second Congress.

PREVENTION OF UNFAIR PRACTICES AND MISLEADING ADVERTISING

Mr. WHEELER. Mr. President, I ask unanimous consent at this time that Senate bill 3744, to amend the act creating the Federal Trade Commission, to define its powers and duties, and for other purposes, be made the unfinished business.

The PRESIDING OFFICER. Is there objection?

Mr. ROBINSON. Mr. President, if the bill shall be taken up, it is not my purpose to proceed with it today. I should like to have it before the Senate so that Senators may have the opportunity of studying it. I should like also to have a conference report disposed of, after which unless there is some routine business to be transacted, it is my intention to move a recess until Monday.

Let me add that I do not think Senators have ever had so much office work as they now have. I know there are in my office literally hundreds of letters which I have not even been able to read because I have not had the time to do so, and I should like to have a little time for consideration of business outside of the Senate. So I am intending to move a recess until Monday, unless something arises to prevent.

Mr. McNARY. Mr. President, I was about to inquire of the Senator from Montana whether he desired to have the Senate proceed with his bill today. If so, I should object to taking up the bill. In view of the statement of the Senator from Arkansas, I do not object, except to the manner in which the Senator makes his proposal. I think the Senator should move that the bill be taken up, rather than ask unanimous consent.

Mr. WHEELER. Mr. President, I move that the Senate proceed to the consideration of Senate bill 3744.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3744) to amend the act creating the Federal Trade Commission, to define its powers and duties, and for other purposes, which had been reported by the Committee on Interstate Commerce with an amendment.

Mr. WHEELER. Mr. President, I desire to make a brief statement with reference to the bill so that when Senators come to study the hearings and reports between now and the time we proceed actually to consider the bill they may better understand it.

This is a measure which was recommended by the Federal Trade Commission. We held hearings before the Committee on Interstate Commerce for several days. The committee reported the bill with one amendment, eliminating one of the most controversial features from the bill.

Stated generally, the purpose of the bill is as follows: When the Federal Trade Commission Act was originally passed it was hoped by the Congress, as committee reports will show, that it would give the Commission power to stop certain unfair and deceptive practices if they were against public interest and were detrimental, regardless of whether or not they resulted in financial injury to some competitor.

The Supreme Court, in construing the law, held that it was necessary to show that some competitor was financially injured. In one case which went to the Supreme Court the case of Federal Trade Commission against Raladam Co., the Commission attempted to stop the advertisement and sale of a reducing compound composed of a drug which was found to be actually harmful to the public if not taken under the advice of a physician. The Supreme Court said of this drug:

Findings, supported by evidence, warrant the conclusion that the preparation is one which cannot be used generally with safety to physical health except under medical direction and advice.

But the Court held that because of the fact that there was not a showing made that some competitor had been definitely injured they could not sustain the Commission's cease-and-desist order.

Two of the Federal Trade Commissioners testified before the committee, Commissioner Davis and Commissioner Freer, and the chief counsel, Mr. Kelly. Mr. Ferguson, the acting chairman of the Commission, wrote a letter recommending the passage of the bill, pointing out that many acts and practices which are unfair and deceptive to the public are at present beyond the power of the Commission because of the ruling by the Supreme Court. In the case of false advertising, the Commission has no way of stopping it unless it can be shown that some competitor is injured through the unfair advertising or practice.

Notwithstanding the fact that the practices may be injurious to the public health, notwithstanding the fact that the advertisements or practices may be misleading and fraudulent upon their face, the Commission is powerless to intercede in behalf of the public unless it can be shown that some competitor is injured.

It is said that in 99 cases out of 100 before the Commission it can be shown that some competitor is injured, but that the Commission has to spend most of its time and most of its money trying to find out how some competitor was actually injured in dollars and cents. It is said that it is difficult many times to show that fact, but they have to

show it, at a great deal of expense to the Commission, and most of their time and most of their money is spent in that way.

When the Federal Trade Commission finds a case of that kind, they simply issue a cease-and-desist order. They say in effect to the company, "This is an unfair trade practice; it is an unfair advertisement, and you must cease and desist from doing this in the future."

If the respondents are not satisfied, or if the Commission wants to enforce the order, the case must be taken to the circuit court in the particular district where the company is located, and the matter adjudicated in the courts.

One other provision of importance is that persons are included in the bill as well as corporations. No member of the committee could see any reason why, if an individual were engaged in some practice complained of, he should not be amenable to the law just as a corporation would be.

I want to impress upon Senators that, notwithstanding the fact that there has been some propaganda against the bill, it does not fundamentally change the present law excepting insofar as it gives the Commission the right to say to a person engaged in a practice complained of, "You must cease and desist from this practice, in the public interest, notwithstanding noninjury to a competitor."

There has never been any difficulty with the newspapers, because it has been shown that when a newspaper was notified that in the opinion of the Commission some practice was unfair, the newspaper has voluntarily stopped printing the advertisement pending the outcome of the investigation of the Commission, and signed a stipulation to abide by the order of the Commission.

I have stated practically the only substantial provisions in the bill. There were one or two minor amendments about which there was no controversy of any kind.

TERM OF UNITED STATES DISTRICT COURT AT PANAMA CITY, FLA.

Mr. FLETCHER. Mr. President, the Committee on the Judiciary has unanimously reported House bill 9244, 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. I ask unanimous consent that the Senate proceed to the consideration of the bill.

Mr. McNARY. I understand the bill designates a certain city in Florida in which a term of district court is to be held. It is a House bill.

Mr. FLETCHER. Yes, Mr. President. No expense to the Government is involved.

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

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That a term of the District Court of the United States for the Northern District of Florida shall be held annually in Panama City, Fla., on the first Monday in October: *Provided*, That suitable rooms and accommodations for holding court at Panama City are furnished without expense to the United States.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The reports will be placed on the Executive Calendar.

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 PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar of nominations.

There are a number of treaties on the calendar, one of which the Senator from Nevada [Mr. PITTMAN] desires to have considered.

CONVENTION FOR PROTECTION OF MIGRATORY BIRDS AND GAME MAMMALS

Mr. PITTMAN. Mr. President, I ask to have considered at this time Executive A (74th Cong., 2d sess.), a convention between the United States of America and the United Mexican States for the protection of migratory birds and game mammals, signed at Mexico City, February 7, 1936.

The Senate, as in Committee of the Whole, proceeded to consider Executive A (74th Cong., 2d sess.), a convention between the United States of America and the United Mexican States for the protection of migratory birds and game mammals, signed at Mexico City, February 7, 1936, which was read the second time, as follows:

CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED MEXICAN STATES FOR THE PROTECTION OF MIGRATORY BIRDS AND GAME MAMMALS

Whereas some of the birds denominated migratory, in their movements cross the United States of America and the United Mexican States, in which countries they live temporarily;

Whereas it is right and proper to protect the said migratory birds, whatever may be their origin, in the United States of America and the United Mexican States, in order that the species may not be exterminated;

Whereas for this purpose it is necessary to employ adequate measures which will permit a rational utilization of migratory birds for the purposes of sport as well as for food, commerce, and industry;

The Governments of the two countries have agreed to conclude a convention which will satisfy the above-mentioned need and to that end have appointed as their respective plenipotentiaries: The Honorable Josephus Daniels, representing the President of the United States of America, Franklin D. Roosevelt, and the Honorable Eduardo Hay, representing the President of the United Mexican States, General Lázaro Cárdenas, who, having exhibited to each other and found satisfactory their respective full powers, conclude the following convention:

ARTICLE I

In order that the species may not be exterminated, the high contracting parties declare that it is right and proper to protect birds denominated as migratory, whatever may be their origin, which in their movements live temporarily in the United States of America and the United Mexican States, by means of adequate methods which will permit, insofar as the respective high contracting parties may see fit, the utilization of said birds rationally for purposes of sport, food, commerce, and industry.

ARTICLE II

The high contracting parties agree to establish laws, regulations, and provisions to satisfy the need set forth in the preceding article, including:

(A) The establishment of closed seasons, which will prohibit in certain periods of the year the taking of migratory birds, their nests or eggs, as well as their transportation or sale, alive or dead, their products or parts, except when proceeding, with appropriate authorization, from private game farms or when used for scientific purposes, for propagation, or for museums.

(B) The establishment of refuge zones in which the taking of such birds will be prohibited.

(C) The limitation of their hunting to 4 months in each year, as a maximum, under permits issued by the respective authorities in each case.

(D) The establishment of a closed season for wild ducks from the 10th of March to the 1st of September.

(E) The prohibition of the killing of migratory insectivorous birds, except when they become injurious to agriculture and constitute plagues, as well as when they come from reserves or game farms; provided however, that such birds may be captured alive and used in conformity with the laws of each contracting country.

(F) The prohibition of hunting from aircraft.

ARTICLE III

The high contracting parties respectively agree, in addition, not to permit the transportation over the American-Mexican border of migratory birds, dead or alive, their parts or products, without a permit of authorization provided for that purpose by the government of each country, with the understanding that in the case that the said birds, their parts or products are transported from one country to the other without the stipulated authorization, they will be considered as contraband and treated accordingly.

ARTICLE IV

The high contracting parties declare that for the purposes of the present convention the following birds shall be considered migratory:

Migratory game birds:
- Familia Anatidae
- Familia Gruidae
- Familia Rallidae
- Familia Charadriidae
- Familia Scolopacidae
- Familia Recurvirostridae
- Familia Phalaropodidae
- Familia Columbidae

Migratory nongame birds:
- Familia Cuculidae
- Familia Caprimulgidae
- Familia Micropodidae
- Familia Trochilidae
- Familia Picidae
- Familia Tyrannidae
- Familia Alaudidae
- Familia Hirundinidae
- Familia Paridae
- Familia Certhiidae
- Familia Troglodytidae
- Familia Turdidae
- Familia Mimidae
- Familia Sylviidae
- Familia Motacillidae
- Familia Bombycillidae
- Familia Ptilogonatidae
- Familia Laniidae
- Familia Vireonidae
- Familia Compsothlypidae
- Familia Icteridae
- Familia Thraupidae
- Familia Fringillidae

Others which the Presidents of the United States of America and the United Mexican States may determine by common agreement.

ARTICLE V

The high contracting parties agree to apply the stipulations set forth in article III with respect to the game mammals which live in their respective countries.

ARTICLE VI

This convention shall be ratified by the high contracting parties in accordance with their constitutional methods and shall remain in force for fifteen years and shall be understood to be extended from year to year if the high contracting parties have not indicated twelve months in advance their intention to terminate it.

The respective plenipotentiaries sign the present convention in duplicate in English and Spanish, affixing thereto their respective seals, in the city of Mexico, the 7th day of February of 1936.

JOSEPHUS DANIELS. [SEAL]
EDUARDO HAY. [SEAL]

Mr. PITTMAN. Mr. President, I will state with regard to the treaty that it is similar to the treaty the United States has with Canada with regard to the same subject. The proposed treaty with Mexico, however, is more restrictive. The agreement provides as follows:

(A) The establishment of closed seasons, which will prohibit in certain periods of the year the taking of migratory birds, their nests or eggs, as well as their transportation or sale, alive or dead, their products or parts, except when proceeding, with appropriate authorization, from private game farms or when used for scientific purposes, for propagation, or for museums.

(B) The establishment of refuge zones in which the taking of such birds will be prohibited.

(C) The limitation of their hunting to 4 months in each year, as a maximum, under permits issued by the respective authorities in each case.

(D) The establishment of a closed season for wild ducks from the 10th of March to the 1st of September.

(E) The prohibition of the killing of migratory insectivorous birds, except when they become injurious to agriculture and constitute plagues, as well as when they come from reserves or game farms; provided, however, that such birds may be captured alive and used in conformity with the laws of each contracting country.

(F) The prohibition of hunting from aircraft.

The United States already, of course, has in effect all the laws which are provided for in this treaty, and Mexico agrees to enact the same kind of laws.

I ask to have the message of the President and the letter of the Secretary of State read from the desk.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

THE WHITE HOUSE,
March 5, 1936.

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a convention for the protection of migratory birds and game mammals, between the United States of America and the United Mexican States, signed at Mexico City February 7, 1936, and an exchange of notes expressing an understanding between the Governments of the two countries that ratifications are to be exchanged in Washington and the convention will come into force on the day on which ratifications are exchanged.

The convention is similar to the treaty for the protection of migratory birds in the United States and Canada signed August 16, 1916. That convention was unquestionably a great step forward toward the restoration and protection of our migratory birds. But inasmuch as numbers of species of the birds whose protection in the United States and Canada has long been provided for extend their migrations to Mexico and still farther south, and in order to protect other groups of birds which migrate between the United States and the United Mexican States, it is obvious that effective conservation requires further international cooperation. It is for these purposes that the convention with Mexico has been concluded.

The attention of the Senate is invited to the accompanying report from the Secretary of State and the comment of the Secretary of Agriculture presented therein.

FRANKLIN D. ROOSEVELT.

(Accompaniments: Report of the Secretary of State. Convention. Exchange of notes.)

The PRESIDENT:

I have the honor to forward to you herewith a convention between the United States of America and the United Mexican States for the protection of migratory birds and game mammals, signed at Mexico City February 7, 1936, which is being brought to your attention for transmittal to the Senate, if you approve thereof, with a view to receiving the advice and consent of that body to its ratification.

This convention, which represents the culmination of some years of negotiations, embodies the conservation principles contained in the well-known migratory bird treaty, signed at Washington August 16, 1916, for the protection of migratory birds in the United States and Canada.

The present convention limits, with certain exceptions, the taking, transportation, and sale of migratory birds and their products to a maximum period of 4 months annually in each country under a system of permits; provides for the establishment of refuge zones; prohibits hunting from aircraft; and specifically provides for a close season for wild ducks extending from March 10 to September 1 of each year.

Further, the present convention prohibits the transportation of migratory birds and game mammals, dead or alive, their parts or products, across the American-Mexican border without a permit of authorization provided by the Government of each country.

Pursuant to an understanding between the Governments of the two countries, expressed in an exchange of notes which accompanies the convention, ratifications are to be exchanged in Washington and the convention will come into force on the day on which ratifications are exchanged.

The Department of Agriculture has taken an active interest in the negotiations and has greatly assisted in the conclusion of the convention. In a recent letter to me the Secretary of Agriculture made the following comment:

"A vast stride toward the restoration and protection, indeed in some cases the rescue from extirpation, of our migratory game, and various groups of our insectivorous and other birds, was taken by the conclusion of the convention of August 16, 1916, with Great Britain, for the protection of birds migrating between Canada and the United States. But as numbers of species of these birds, both game and nongame, extend their migrations and winter dispersals to Mexico and beyond, it has been manifest that to insure their more effective conservation, as well as the conservation of other groups of birds migrating between Mexico and the United States, cooperation with the United Mexican States is not only desirable but also quite imperative, and to that end the Department of Agriculture has earnestly desired and for some years past has sought to bring about the negotiation of a convention with that Republic.

"It is with genuine satisfaction and no little anticipation that we are now informed that the consummation of our hope shortly may be realized.

"Millions of our citizens, and their numbers are growing apace, whether they be tillers of the soil, nature lovers, sportsmen, or merely those esthetically inclined, are very earnestly interested in and concerned about the conservation of our birds, and it is not too much to say that they would heartily acclaim such a convention as this.

"With Canada, the United States, and Mexico cooperating in the conservation of migratory species of birds it confidently may be expected that the perpetuity of these birds is assured against all contingencies save the untoward operations of nature."

Respectfully submitted.

CORDELL HULL.

DEPARTMENT OF STATE, *Washington.*

(Enclosures: Convention and exchange of notes.)

The PRESIDING OFFICER. If there be no amendment to be proposed, the convention will be reported to the Senate.

The convention was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive A, Seventy-fourth Congress, second session, a convention between the United States of America and the United Mexican States for the protection of migratory birds and game mammals, signed at Mexico City, February 7, 1936.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two-thirds of the Senators present concurring therein, the resolution is agreed to, and the convention is ratified.

RECESS UNTIL MONDAY

The Senate resumed legislative session.

Mr. BARKLEY. There being no further business before the Senate at this time, I move that the Senate stand in recess until 12 o'clock Monday next.

The motion was agreed to; and (at 2 o'clock and 55 minutes p. m.) the Senate took a recess until Monday, May 4, 1936, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 30 (legislative day of Apr. 24), 1936

POSTMASTERS

LOUISIANA

Herman E. Hebert, Berwick.

OKLAHOMA

Gladys E. McEwen, Aline.
Wayne E. Mead, Allen.
George E. Raouls, Picher.
Oscar Speed, Sayre.
James F. Nicholson, Talihina.
Blaine M. Skidmore, Vici.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 30, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou Lord, who knowest the hearts of all men, come now in the fullness of Thy power and prepare us for whatever awaits us. We pray Thee to enrich our minds with wisdom and knowledge from on high; with all diligence may we perservere and discharge the obligations resting upon us. We thank Thee for the gospel of love and sacrifice which was poured out in all fullness on Calvary's Cross. Create within us clean hearts and a right spirit; and may we strive earnestly to do Thy will as revealed in the life and character of the world's greatest Exemplar, our Lord and Master. Amen.

The Journal of the proceedings of yesterday was read and approved.

AMENDMENT OF WAR MINERALS RELIEF ACT

Mr. SMITH of West Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 1432) to amend section 5 of the act of March 2, 1919, generally known as the War Minerals Relief Statute.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 1432, the War Minerals Claim Act, with Mr. BEAM in the chair.

The Clerk read the title of the bill.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 7 minutes to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. Mr. Chairman, I have no claimants in my district, and I am not primarily concerned with this matter from the standpoint of the individual claimants; but I have made a study of the matter in these claims because of the vital bearing they have on the question of national defense. In going into these claims I have become convinced that in this case the Government has committed the most immoral thing it has ever done. The attempts that have been made to show that these claimants have been paid in full time after time demonstrates an astounding lack of knowledge of the facts in this case.

Mr. Chairman, these men were induced as a matter of patriotism and in the interest of saving this Government millions of dollars to go out and borrow money in order to develop these various properties. These people had to go to the banks and borrow the money in order to stimulate the production of the four essential products involved, without which we could not have prosecuted the war.

Mr. COCHRAN. Will the gentleman yield?

Mr. MAAS. I yield to the gentleman from Missouri.

Mr. COCHRAN. The gentleman said that the statement to the effect the claimants had been paid was not based upon the facts.

Mr. MAAS. I said "paid in full."

Mr. COCHRAN. Will the gentleman offset the facts as shown by my statement yesterday that they have received about $10,000,000?

Mr. MAAS. We admit they received nearly $10,000,000, but in the original instance $50,000,000 was appropriated to pay these claims. They have received less than 20 percent of what was originally appropriated to take care of them.

Mr. COCHRAN. That money was not all appropriated for that purpose.

Mr. MAAS. It was appropriated to settle these claims. Without going into details, because the matter has been well covered, what actually happened was that through technicalities in the law these people were not paid their actual losses. The loss is not only the money they borrowed, if they had to keep on paying interest, but must also include such interest payments. This is not interest on the claim, Mr. Chairman. There is a vast difference between interest on a claim and interest which is part of a claim. This interest is a part of the loss which was suffered by these people in developing the properties in an effort to carry on our part of the war.

Mr. COCHRAN. Will the gentleman yield?

Mr. MAAS. I yield to the gentleman from Missouri.

Mr. COCHRAN. If a constituent of the gentleman is injured by an automobile and is taken to a hospital and has to pay a hospital bill as well as a surgeon's bill and we settle the claim 10 years afterward, is it not settling the claim by paying money spent to recover health, and would we not be just as much justified in paying interest up to the date of settling that claim as we would in paying this money to pay interest up to day of settlement?

Mr. MAAS. I think we would be justified in doing that, but those are not the facts in this case. These men borrowed money at the bank in order to carry on the development of these properties.

Mr. COCHRAN. But suppose the individual had to borrow money to pay his hospital bill? It would be interest on borrowed money.

Mr. MAAS. I think he ought to get interest, but that is an entirely different situation from this. This does not cover interest on a claim. The interest in this case is part of the claim.

Mr. PITTENGER. Will the gentleman yield?

Mr. MAAS. I yield to the gentleman from Minnesota.

Mr. PITTENGER. Is it not true a jury in the automobile case referred to takes all of those things into account in awarding damages?

Mr. MAAS. Of course they would.

Mr. ENGLEBRIGHT. Will the gentleman yield?

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

Mr. ENGLEBRIGHT. Is it not a fact that in this case these men borrowed the money at the direct solicitation of the Secretary of the Interior to supply war minerals in a time of great emergency in this Nation?

Mr. MAAS. Exactly; and they were assured by the Government that they would suffer no loss as a result. They were awarded contracts, and, of course, if those contracts had been fulfilled, these men would not have lost money, but within a very few weeks the contracts were canceled on account of the termination of the war. The investment which was involved was a borrowed investment. No obligation is discharged until it is paid in full. These claims have never been settled in full. It is that which we are asking to have done now.

Mr. Chairman, the thing I am concerned with particularly is the question of national defense as affected by these claims. If we should be forced into the position again where we are compelled to defend ourselves by military operations, we would still be in the same position we were at the beginning of the World War.

These products are still not produced in sufficient quantity to carry on the defense of this country, and if the Government has to go out and buy these properties and make the total investment necessary to develop them, it will cost this country not another few million dollars but hundreds of millions of dollars.

Mr. GOLDSBOROUGH. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. GOLDSBOROUGH. For the purpose of clarifying the discussion, will the gentleman distinguish between the right of an individual who had the money to put up and did put it up to receive interest and the case of an individual who had to borrow the money.

Mr. MAAS. As I understand, they are separate claims to be dealt with separately. I think, fundamentally, there is no difference, but these are cases where they did have to go out and borrow the money and have continued to pay interest at the banks on this money.

Mr. GOLDSBOROUGH. I am only suggesting to the gentleman that it is the universal practice, apparently, in claims of this class not to allow interest. I myself know of many war claims that were fully justified and the payment of which has been deferred for years and years and no interest allowed.

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. GOLDSBOROUGH. And it does seem to me that if we are to vote for this legislation we ought to be told how these claims are to be distinguished from other claims.

Mr. MAAS. I may say to the gentleman that the distinction or difference is that these men have not been able to discharge their obligations. They are still at the banks, and naturally when any payment was made it had to be applied first to the interest and then to the principal, and the amount in each case left for payment on the principal was very small. These men are still burdened with these interest payments and they cannot discharge them until these claims are paid in full. There is a vital difference between that case and the case of a man who had the money and therefore has not had to pay interest. These men cannot be relieved from this obligation to pay interest.

Mr. GOLDSBOROUGH. The gentleman thinks there is a difference?

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. COCHRAN. I want to ask the gentleman from Minnesota another question. If the war had proceeded 2 years longer, and these claimants had made millions of dollars, at the expiration of the war would they have come to the Government and said, "We made millions of dollars; we do not want it; we will give it back to the Government; we simply entered this field to help out, not to make money"?

Mr. MAAS. The gentleman knows, if he knows anything about these claims, they would not have made millions of dollars under their contracts with the Government. They could not have made millions of dollars under the very restrictive terms of their contracts with the Government. At most, all they could have made would have been a modest return on the investment.

Mr. COCHRAN. Then they would have been one of the very few companies that helped to prosecute the war that did not make millions.

Mr. MAAS. That may be true.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. PITTENGER. Is it not the fact that all this was done under direction of the Government while the war was going on, and when the Government said, "Do what we tell you or we will commandeer your property"?

Mr. MAAS. Of course, it was done under such circumstances. In some cases the Government prevented the owners of such properties from joining the military services and insisted upon their remaining at home to operate these mines and increase their production. Now they have lost even the mines they owned before the war. It was a patriotic duty they performed as under no circumstances could they have made any large profits even if the war had lasted for several years. It was heads I win, tails you lose for the Government, and in this case it was tails for the mine operators.

To answer the question of the gentleman from Maryland [Mr. GOLDSBOROUGH], I do think there is a difference between paying interest on a war claim settled years later and in the interest payments involved in this bill. In the first case, it would be a matter of reimbursement for the loss of interest which the claimant might have received if he had had the money earlier and invested it for interest. In the case involved in these claims, it is interest which these claimants have been and still are paying out on money borrowed for the benefit of and at the urgent request of the Government.

These interest payments are still being made. These claimants cannot be relieved from continuing these interest payments indefinitely unless this bill is passed or they go through bankruptcy. In the latter case we do a double injury. We force the ruination of the claimants and we force a loss upon the people who advanced the money to these people upon the pledge of the Secretary of the Interior that the Government would back them up and see that no loss resulted.

If this bill is passed no claimant will get a cent. It will all go to discharge the existing obligations at the banks. Every claimant will have suffered severe financial loss above and beyond repaying the loans and interest thereon. The Government compelled these claimants to sell their properties which they owned before the loans were made, and to apply the proceeds to liquidating these loans before the Government would contribute to their further liquidation. No claimant made a profit nor even received a salary for his efforts in developing these mines for Government use.

Billions of dollars were awarded to war contractors for the loss of profits by reason of the early termination of the war. How unfair in the light of that action to deny these patriotic citizens reimbursement for at most only a part of their actual loss. Most of these claimants lost their mines, and this bill does not compensate them for that loss, nor the loss of their time, nor for potential profits, but only for the loss on the money they actually borrowed and the actual interest paid upon such loans. [Applause.]

[Here the gavel fell.]

Mr. SMITH of West Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Chairman, this bill is not fairly subject to the attack that has been made upon it; and if you, my colleagues, have any confidence in my integrity of mind and soundness of judgment, I beg that you hear me and believe what I say about this bill.

The gentleman from Missouri [Mr. COCHRAN] states that the all-important question involved is one of policy; that is, the Government paying interest on its obligations. To

me the important question before us is that of preserving the honor and integrity of the Government by seeing that it render justice to its citizens. To turn the beneficiaries under this legislation out without relief would make me ashamed of a thing I love—my Government.

Mr. GOLDSBOROUGH. Mr. Chairman, does the gentleman from Georgia care to yield?

Mr. COX. Pardon me if I decline for the present.

The gentleman from New York [Mr. TABER] on yesterday referred disparagingly to the largest chain affected by this bill, that of the Chestatee Corporation down in north Georgia, and with your indulgence I want to say just a word about this claim.

This corporation was the property of two brothers by the name of Pratt. They had invested in it their entire life savings. It was a going concern, operating at a profit to its owners. During the World War the Government, through its agents and under the direction of Secretary Lane, went down to Georgia and practically commandeered this property. Its owners were directed and required to enlarge the plant and to increase its output, the Government insisting that it needed the ores it was mining for war purposes. These people did not have the money needed to enlarge their plant, and did not have the credit to enable them to get it, and so informed agents of the Government. They did not want to incur this hazard incident to enlarging operations, but were practically forced to do so; but after being insured of protection against loss Secretary Lane induced Ashcraft & Wilkinson, of Atlanta, Ga., to finance them. Ashcraft & Wilkinson were not bankers and were not engaged in the money-lending business, but were conducting an entirely different enterprise. They did not have the money, but had good credit, and went out and borrowed the money.

[Here the gavel fell.]

Mr. SMITH of West Virginia. Mr. Chairman, I yield the gentleman from Georgia 5 additional minutes.

Mr. COX. They went to the banks and borrowed considerably more than $600,000, which they loaned to the Chestatee Corporation, under the assurance by the Government that they would be protected against loss.

Every penny of the money that has been paid to Pratt Bros. has gone to their creditors.

Ashcroft & Wilkinson still owe the banks a part of the money they borrowed to loan the Pratts. They have paid not only all the money that they have gotten from the Pratts under the legislation to relieve them but they have paid their own money and are still paying it.

To defeat this bill would not only ruin Pratt Bros. but would ruin Ashcroft & Wilkinson, who had no interest in the operation of the mining concern and no thought of profit in what they did.

Gentlemen, the proposition is just this: The Government comes to you and tells you it needs for war purposes the entire output of your mining plant. It commands you to enlarge it. You have not the necessary money and nowhere to get it, but the Government provides a lender. You create a heavy obligation, enlarge plant, and increase output, and after this is done the Government cancels its contract and leaves you with the bag to hold. What would you do? What could the Pratts or Ashcroft & Wilkinson do but obey the commands of the Government; and are they to be blamed for wanting the Government to keep its contract with them?

If this bill is passed not a dime goes to Pratt Bros., for they are already ruined. It simply enables them to discharge their obligations to their creditors who loaned them money to do that which the Government compelled them to do. They have lost their property and are not reimbursed under the bill.

My opinion is that there never has been presented to this House any claim having a better moral justification than this bill. [Applause.] If you will read the record of the hearings on the bill you will support it. It is a clean bill, and I hope it will pass. [Applause.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. SHORT].

Mr. SHORT. Mr. Chairman, the gentleman from Georgia [Mr. COX] who has just spoken, is not only an honest man, but an astute lawyer, and he has made a most able and correct statement of this whole matter. It seems to me it is very clear and unmistakable to anyone who studies the legislation that the agreement between the Government and these claimants was a clear contract, which no one could possibly misunderstand. The only reason that the claimants were able to carry out the mining operations at the command of the Government and secure the credit was because both the claimants and their creditors were assured by the Government of the United States that they would not suffer loss if they would cooperate in the prosecution of the war. I dislike to disagree with my good friend from New York [Mr. TABER] but I think he is entirely wrong on this particular claim. This is a meritorious piece of legislation and I trust that every Member of the House who still believes in the sanctity and inviolability of a contract and wants to see the Government keep its word with its own citizens, will vote for the passage of this bill. [Applause.]

Mr. SMITH of West Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Chairman, reference has been made yesterday and today in the course of this debate to a claim of a certain claimant who lives in Virginia, and the incident hardship that has come to this young man as a result of the fact he was drafted during the period of the war to develop these mining interests. The facts have not been exaggerated, in fact, they have been understated. The young gentleman in question, and he is not a great deal unlike most of these claimants, was called into this particular service or rather induced to go into it because of his knowledge and understanding and special training that equipped him to do this job that had to be done. He did not have the money. He borrowed the money and incurred obligations, and the Government, your Government and my Government, as it too often does, has been extremely dilatory in taking care of its contractual and moral obligations. I have often said that no private industry, no business could live, if it was as dilatory to its obligations as the Government. I want to express my gratification at the sentiment of the Committee today as compared with what it was when this bill was brought up before. I have said time and time again, as a result of my experience in this body of 14 years, that the mistakes we make as a legislative body, and we make them sometimes, nearly always occur when we act hastily and without deliberation and information. Today the House has information on this claim and we find there is no partisanship, there is no geographical division, and the membership of this body, I believe, with a degree of unanimity seldom witnessed, is now determined to do belated justice to these claimants.

What happens after the money is paid? These people will be able to discharge some of these obligations to the banks, and to have their homes and personal property released for the first time, and they will be able to take up their existence which was broken when they entered into this service. I join with all in every opportunity to curtail expenses and to defeat unnecessary expenditures and unjust claims. On the other hand, I feel just as enthusiastic and just as interested to try to help some American citizen get his honest, just dues from the Government when I am convinced that that is the case. I am thoroughly convinced of the merits of this claim. The passing of this bill will send the claim to the Secretary of the Interior to adjudicate and pay these claims in accordance with the sentiment of the Congress when it passed the last amendment to the act. [Applause.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. GEARHART].

Mr. GEARHART. Mr. Chairman, the claims that are embraced in this bill are claims which this Congress in the act of March 2, 1919, agreed should be paid. That act directs the reimbursement of the war mineral relief claimants for "expenditures made and obligations incurred", and if at that time the then Secretary of the Interior had allowed and paid those claims as that act clearly intended, we would not be

here now giving consideration to the measure now before us. All of these claims would have been settled in 1919 if the legal advisers to the then Secretary of the Interior had not misadvised that official in respect to the interpretation of the phrase "obligations incurred." Those legal advisers informed the Secretary erroneously that "obligations incurred" did not include the accruing interest upon promissory notes signed by the claimants and delivered to third party creditors, notes that they signed in order to finance the various enterprises which the Secretary of the Interior urged them to embark upon in furtherance of our cause in the war.

Pursuant to this erroneous interpretation of the law the Secretary of the Interior disallowed the interest accruing on these notes on the sole ground that the phrase "obligations incurred" was not sufficiently comprehensive to include such items. Because he would not allow a claim based on interest accruing on the note obligations, incurred as aforesaid, it became necessary for the claimants to return to Congress to secure legislation which would grant a right of appeal from the decision of the Secretary of the Interior to the courts. That act was promptly passed by the Congress, the justice of such a course being apparent. When the right of appeal was established as a consequence of the passage of this act of February 13, 1929, the claimants were compelled to assume the additional burden of prosecuting their cases to a decision on the mooted points through the courts.

The litigation, initiated in the courts of the District of Columbia, finally, in 1933, reached the Supreme Court of the United States, from which decisions settling the various points in controversy were ultimately handed down. The decisions, in effect, held that the claimants were, and from the very beginning had been, correct in their contention that the phrase "obligations incurred" included interest accrued and accruing upon notes executed by the respective claimants and delivered to third-party creditors to obtain the necessary funds to finance the various mining operations entered upon at the earnest behest of the then Secretary of the Interior, the Honorable Franklin K. Lane, who, it must be said in justice to his memory, during his lifetime did everything within his power, limited as he was by faulty legal advice, to deal justly with those who now address their appeal to this honorable body.

But the Court further held that the enactment of the act of March 2, 1919, the act which granted the right to file claims, fixed a "stop date", that is, a date beyond which, under that law, accruing interest could not be allowed.

In the contemplation of the situation in which these claimants now find themselves, because of the delays incident to judicial procedure over which they had no real control, let it be remembered that it was not until 1933, when the Supreme Court spoke, that a definition of their rights under the law of March 2, 1919, could be obtained.

Just what are the claimants now asking you to allow them? Merely that which you agreed to give them in 1919 plus interest which has accrued on the notes while the litigation pended, interest that has accumulated from the date of the passage of the act of 1919 down to the date of the enactment of the bill which we have before us today for consideration.

These claimants have been diligent in the prosecution of their claims. They have stood up bravely in defense of their cause, meeting every situation as it developed courageously. Their resources are now exhausted. If we fail them today, they will not be able to return another day. If we deny them that which they are so justly entitled to, it means bankruptcy for most of them, loss of everything at a time when the palsied hand of approaching old age, with all its discouragements in the contest for rehabilitation, is felt upon their shoulders.

In the name of the God who gave us life, will this great country, whom they served faithfully and well, desert them now? [Applause.]

Mr. Chairman, during the course of the debate on the pending legislation the argument has been frequently advanced that the claimants have already been fully reimbursed upon any obligations which the Government may have owed them and that that which they are now seeking is interest upon claims long ago settled, interest upon which was denied them.

Each of these contentions is completely without foundation. In order to make apparent the meritory nature of the claims involved, permit me to refer to just one of them, with the facts of which I am entirely familiar. In the claim which I have in mind the claimant, at the request of the Secretary of the Interior, incurred for the benefit of the Government obligations in the amount of $97,000, evidenced by several promissory notes. When the war abruptly ended the enterprises which he had embarked upon at the behest of his beloved country immediately collapsed, leaving him entirely without funds with which to satisfy the notes. When bankruptcy was staring him in the face Congress created the War Minerals Commission, which for the first time offered him a ray of hope of financial rehabilitation. However, the claim which he filed pursuant to law did not fare well at the hands of those who passed upon it. First, the Commission offered him $2,000 in complete settlement. This he indignantly refused to accept. Three weeks later he was tendered $22,022, which, in accordance with the understandings then arrived at, was accepted by the claimant in part payment. This was 1919.

In 1923 the claim was reopened by the Commission, and items of loss which had been previously disallowed in 1919 were reconsidered and ordered paid in the additional sum of $39,000. After a lapse of years, in 1934, while discussion as to items of loss and interpretation of the act were taking place, the Commission again reviewed the claim, this time allowing additional items that had theretofore been disallowed. Allowance was made upon these items, together with interest on obligations incurred during the war period down to March 2, 1919, in the sum of $24,500. These partial payments, consisting of three, made to the particular claimant I have in mind, at no time were sufficient in amount to fully discharge the claimant's interest-bearing obligations, together with the interest that had accrued and which was to thereafter accrue upon the reduced balances.

The original principal claim has never yet been fully paid by the War Minerals Commission to the claimant, let alone the large sum of interest which has accumulated during the 17 years intervening.

When these successive awards were made this particular claimant paid the entire amounts received to the reduction of his obligation to his own creditors, and they, pursuant to usages well established, applied the sums so received first to the satisfaction of the interest already accrued and the balance to the reduction of the principal indebtedness.

This simple process accounts for the balance which still remains due and which today constitutes the subject of his claim.

In contemplating the fact that to be "made whole" is all that he is asking for, we must bear in mind that the claimant never received any compensation from the Government for his service to it during this period when our common country was in the dire distress incident to war. Not a cent has been paid to him in satisfaction of any claim for prospective or possible profits upon the mining operations initiated. Because of this unjust burden which he has been compelled to bear during all of these years he today finds himself with head barely above water, grasping at the last straw. The unfortunate predicament in which he finds himself today is attributable entirely to an indifference to his condition by the beloved country which verges upon ingratitude, the country he served so faithfully and well when it was beset by enemies at every side.

In the name of simple justice the claims that are embraced in this bill ought to be paid. This bill ought to pass with the unanimous vote of the Chamber.

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. PITTENGER].

Mr. PITTENGER. I only want to call one more thing to your attention in addition to what I said yesterday, and that is the personnel of the Committee on Mines and Mining,

which heard the witnesses and which brought out a favorable report. If you are not going to stand by your committees, then what is the use of having committees? I submit to the Members of this House that Honest JOE SMITH, chairman of this committee, and the other distinguished members who serve with him and who examined and cross-examined these witnesses, and who brought out a favorable report, ought to be sustained by the Members of this House. [Applause.]

Mr. Chairman, I hope that the Members of the House will inform themselves concerning the above measure. There are some three or four claimants in Minnesota, and in view of their interest in this legislation I have made a careful study of it.

The measure is meritorious, and in view of misinformation which was given us on the floor of the House last July when the question of adopting a rule on a companion House bill was under consideration, I think the membership of the House ought to have the facts correctly stated to them.

There are many claimants, but every one of them have about the same background. Let me discuss one of the larger claims.

Back in 1917 a couple of brothers were conducting mining operations and were in fair financial circumstances. They had opened up and were operating a mine on a small scale, and were doing it profitably. When the submarine boats interfered with ocean shipping it became necessary for the United States to get some of its war minerals here at home, and that meant that mines had to be opened up and developed and operated. These men were called upon by the Secretary of the Interior, Franklin K. Lane, to tremendously increase production, and this involved a large outlay of money. They had to borrow it. Secretary Lane assisted them in having responsible people loan them money as a matter of patriotic duty. He promised that the Government would see to it that they did not lose in this mining venture. The Government had to have the war minerals, and had to have them promptly. A large sum of money was borrowed and mining operations started on a large scale. Then the World War stopped suddenly. These men were left with a lot of debts to pay, with property that no longer had value. It was useless because the war minerals were not needed. Financially these men were ruined.

I do not here discuss the history of the war minerals legislation, but over a period of years their losses were partially paid. I have seen their records and statements and the Government still owes them money as a result of the mining operations undertaken by the direction of the Secretary of the Interior. No Member of this House will vote against the measure if he will take the time to let some of these claimants give him the facts and circumstances that have made necessary the introduction of Senate bill 1432.

An answer to the Comptroller's letter of March 13, 1936, page 6391 of the RECORD, is attached hereto.

The second letter of the Comptroller, dated April 20, 1936, page 6392 of the RECORD, may be answered by saying that the Comptroller believes that two wrongs should make a right. Here the Comptroller states that there was no legal liability on the part of the Government to pay these claims. As a matter of fact, the act of October 5, 1918, which appropriated $50,000,000 as a revolving fund in these matters, permitted claimants to go into any Federal court for "just compensation", for property taken over, and so forth, if they were not satisfied with the finding of the Administrator. This right to go into any Federal court existed for 2 years after the passage of the act of October 5, 1918. But this act was not administered. Instead the War Minerals Relief Act of March 2, 1919, was approved, which provided that claimants should have their "net losses." The claimants thereupon filed claim under the act of March 2 and disregarded their legal rights under the act of October 5, 1918.

In both letters the Comptroller seeks to show that reimbursement by the Government of a claimant's item of interest paid or obligated on borrowed money in his wartime operations—which admittedly is part of his net loss—is identical with payment of interest on an amount claimed by a claimant against the Government. In one case the item is not interest as such on a claim but merely an item of interest paid out of pocket by a claimant which is part of several items of net loss in his claim, and the other would be an allowance of interest by the payor upon the amount of a claim. The two propositions are entirely different, yet the Comptroller in his letter seeks to make them identical.

In the general debate, as reported in the RECORD, the opposition, particularly Mr. TABER, seek to show that because Congress appropriated $8,500,000 in the 1919 act from the original appropriation of $50,000,000 in the 1918 act that no claims should be paid in excess of this original $8,500,000 estimate. As a matter of fact, the total amount of claims filed under the 1919 act was approximately $19,000,000. Obviously, the $8,500,000 could not satisfy these if a proper construction of the law showed that the claims were just and equitable.

Owing to erroneous constructions of the law by the Secretary of the Interior, Congress was obliged to pass the amendment of 1921, which was predicated upon a committee report, which said, in part, speaking of the Secretary's administration of the 1919 act, that—

> He had misconstrued the law and misapplied the facts to the law.

It was for this reason that Congress passed the act of 1921.

But the Secretary still continued to disallow certain items of net loss, and upon the courts in 1924 showing that he had so done, the Congress by the act of June 7, 1924, "withdrew the limitation on the appropriation heretofore named in the act of 1919 for the purpose of enabling the Secretary to pay adjudicated claims."

Six months later the Supreme Court held that under the act of 1919 the courts were without jurisdiction and reversed the construction of the law by the court of appeals at that time upon jurisdictional grounds only.

Then the claimants came back to Congress and, the act of 1929 was passed, which enabled claimants to go to court for a determination on questions of law theretofore decided against them by the Secretary.

There are still some 90 or 100 claims, including the interest item, under the court under the 1929 act. Many cases have been decided adversely to claimants. In the cases decided against the Government naturally payments of awards by the Secretary have been included in deficiency bills.

In December 1932 the Supreme Court held that the Secretary had wrongly construed the act of 1919 as to noninclusion of interest paid and obligated by war minerals producers in their claims for net losses. But in adjusting a claim under this rule the Secretary of the Interior decided that he could not pay said interest beyond the date of March 2, 1919, thus establishing a cut-off date. After 2 years of litigation the Supreme Court sustained this construction.

It thus appears that the construction of the 1919 act limits payments of interest on borrowed money during the war for war purposes to the said cut-off date. The act of 1919 does not suggest by its language or otherwise that a loss paid after March 2, 1919, but suffered theretofore, should not be reimbursed.

This rule is manifestly unfair to claimants inasmuch as some 90 or 100 claimants by March 2, 1919, had not liquidated their interest-bearing obligation to banks and others for credit obtained during the war, for the purpose of producing the needed war minerals at the request of the Government.

In many cases claimants paid their debts within 2 or 3 years after filing of claims from partial payments made by the Government or from funds obtained from their private sources. In certain other cases claimants had to refund their obligations or carry them because they were without private means; in other cases received no awards on their claims until 1933 or 1934, and the interest that they paid on their 1918 obligation was then only paid up to March 2, 1919. They have not yet received their out-of-pocket expenses for their interest payments made after said March 2, 1919.

The bill S. 1432 seeks to remedy this condition. It should be passed to make, in a measure, the claimants whole. The

fact that there is one large claim which will absorb possibly half of the appropriation is no reason why the other 89 smaller claims should be denied justice and equity.

The passage of this bill will enable the Secretary to adjust and pay claims on the facts that shall be determined by him by the reimbursement of the item of interest paid or obligated to be paid by claimants upon the money they were obliged to borrow and which they did borrow at the request of the Government in connection with their mining operations for war purposes.

COMMENT ON LETTER OF ACTING COMPTROLLER GENERAL, MR. R. N. ELLIOTT, TO THE HONORABLE JOHN J. COCHRAN, DATED MARCH 13, 1936

Mr. Elliott's letter makes no reference to the original controlling war-minerals statute, approved October 5, 1918, the title of which is as follows:

The act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of those ores, metals, and minerals which have formerly been largely imported or of which there is or may be an inadequate supply.

The Supreme Court of the United States has ruled, in effect, in one of the test cases (288 U. S. 97), that the act of October 5, 1918, is the controlling war-minerals statute. In so ruling the Court used the following words:

Counsel for respondent (the claimant) correctly states the issue presented to the trial court. * * * Are the losses suffered for expenditures for the items involved here within the provisions of the act of October 5, 1918, as amended and supplemented by the act of October 2, 1919?

And—

With the issue as stated the only showing required is that a claim for such losses was made and that such claim was disallowed because of the belief of the petitioner (the Secretary of the Interior) that the law did not permit such allowances. (Parentheses supplied.)

Section 5 of that act provided that the Government should pay "just compensation" and conferred upon claimant the right to sue for just compensation, if such were not offered, "in the manner provided by section 24, paragraph 20 and section 145 of the judicial code." Clearly, therefore, at the time of the passage of section 5 of the act of March 2, 1919, the Government was liable to producers who could prove their claims, and the wording of said section 5 wherein it provided in the enacting clause for the payment of "net losses" must be fairly considered as a congressional interpretation or measure of the "just compensation" provided for in the original act.

It is true that section 5 of the act of March 2, 1919, stated that nothing in that section "shall be construed to confer jurisdiction upon any court to entertain a suit against the United States", but it did not remove the right that claimants enjoyed at that time to sue for "just compensation" under the preceding act of October 5, 1918, but claimants did not sue. They accepted in good faith the provisions made by the Congress when it passed section 5 of the act of March 2, 1919, that their "net losses" should be paid. They agreed to the provisions that in determining net losses ores and minerals and property owned by claimants might be charged against the awards. They also accepted the provision that the Government should take credit for any profits which had been earned by them. In other words, they compromised, so to speak, with the Government, waiving their right to "just compensation" and accepting in lieu thereof the right to prove and receive their "net losses."

The Supreme Court of the United States has ruled that interest paid and accrued on borrowed capital is a loss reimbursable, and in so ruling cited the case of the *State of New York* v. *The United States* (160 U. S. 598, 621–624) as controlling. The act under which New York State recovered in that case provided for the refund of "costs, charges, and expenses" incurred in equipping troops, and so forth, which words were interpreted by the Congress by an amendment to that act as meaning costs, charges, and expenses "as well after as before" the passage of the previous act.

If interest paid by the State on its bonds for many years after the passage of that act was provided to be refunded by the amendment passed by Congress "as well after as before" the passage of the previous act, that case was exactly parallel with the provisions of pending S. 1432, providing for refund of interest paid after the passage of the act of March 2, 1919.

Mr. Elliott seeks to draw distinction between the precedents referred to in the House committee report and the claimants seeking recovery under S. 1432. He says the States (making no reference to municipalities, counties, or individuals, provided for in some of these former acts of Congress) were not engaged in business enterprises from which profits were to be expected, and so forth. Perhaps that is true, but on the other hand, their very existence was jeopardized by the then existing emergencies. Many claimants under the War Minerals Relief Act, when requested to produce the needed minerals while the original war mineral bill was pending in Congress, specifically pointed out to authorized Government agencies that the hazardous investments requested could not be safely considered as profit making and responded solely as a patriotic duty upon assurance of the then officials of the Government that they would be protected against loss. Their willingness that any profits made should be credited to the Government, as provided by the act of March 2, 1919, proves this assertion.

Congress has heretofore recognized by the act and its several amendments that this obligation, whether a legal liability or whether "a gratuity based upon moral and equitable consideration" should be discharged by the payment of net losses.

The expression, just above quoted, of Mr. Chief Justice Taft in his opinion in the case of *Work* v. *United States ex relator Reeves*, March 2, 1925 (267 U. S. 175) was pure "dicta." The question was not before the Court, and even if it was, it was only dicta, because in that case the Court ruled that no court, not even itself, had any jurisdiction. It was evidently so considered when the several cases later came before it under the authority of the act of February 13, 1929, which conferred jurisdiction on the courts, in that no mention was made in any of these several decisions in claimants' favor as to a gratuity, notwithstanding the fact that counsel for the Government forcefully presented that particular question in both brief and argument.

Mr. Elliott has fallen into the same error as the Solicitors of the Department of the Interior from the date of the approval of the act of March 2, 1919, until they were reversed by the Supreme Court on all questions of law in 1932 and 1933. This error was, among other errors, that they considered losses due to interest paid as interest and not as a "net loss."

The fact that the Government does not pay interest except for bond indebtedness and refund of taxes and the like is entirely irrelevant and immaterial. Section 5 of the act of March 2, 1919, and amendments thereto, and the affirmative Supreme Court decisions given under the authority of the act of 1929 all provide for the payment of "net losses." Neither the Congress nor the courts have been concerned with any of the particular items forming part of the net losses until the Supreme Court fixed a cut-off date, so to speak, beyond which date it interpreted the statute as not permitting the Secretary to refund losses due to interest paid and accrued.

Mr. Elliott says that "interest after March 2, 1919, on moneys which have been borrowed by claimants and expended in production of war minerals is not to be distinguished from interest negative by both the Comptroller of the Treasury and the Committee on Claims of the House, and that claims for interest after March 2, by reason of the delay of the Secretary in making settlement allowing interest to said date, is not to be distinguished from interest on any other claim against the United States where settlement is delayed."

Claimants are not asking for interest on their claims. They are asking solely for payment of their net losses suffered by reason of obligations incurred to pay interest on borrowed capital which Congress evidently intended as has been confirmed by the Supreme Court in its interpretation of

the act. If the wording of section 5 of the act of March 2, 1919, was insufficient to include in the payment of net losses interest which has been paid or has accrued after that date on obligations incurred within the statutory period, it is certainly not inconsistent to ask the Congress to clarify or amend the wording of that act exactly as it did when it amended the act of 1861 to include costs, charges, and expenses as well after as before the passage of that act.

It is pertinent to call attention to the fact that many of the recoveries through the courts and by authority of Congress as expressed in the references cited in the committee report were recovered only after the Comptroller of the Treasury or other fiscal authorities of the Government had denied claims of States, municipalities, counties, corporations, partnerships, and individuals, and that such acts of Congress or decisions of the court under authority conferred by the Congress have reversed these adverse rulings of the Comptroller and other fiscal authorities. It is therefore only natural that the present Acting Comptroller General, Mr. Elliott, should adhere to these former rulings and advise against passage of the pending bill.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, frankly, I believe in being reasonably liberal with war claims, and I do so from the broad premise that the only way we can develop any kind of consciousness for peace in this country is to hit the Nation in the pocketbook. We can get into war so easily, but we will not pay the piper after we get into it. We develop some policy of war and then refuse to foot the bills, and take a rather niggardly and illiberal policy of paying the bills afterward. So I believe in liberality in connection with war claims, because it may ultimately serve to frighten us into a proper regard for the horrors of war.

I favor the payment of the claims which are set forth in the instant act. First of all, I do not believe any reason has been given why they should not be paid. They say to us, "We will sweep away 113 years of precedent." Is there anybody here who has the temerity to let any kind of rigid, inflexible precedent stand in the way of justice? They say, "You are going to sweep away 113 years of policy." I do not know what the policy has been before I came to the Congress, but certainly I will not let any policy stand in the way of considerations of justice. I believe the considerations of justice are involved in every one of these claims.

When Woodrow Wilson first brought his war message to the Congress and then spoke to the country in 1917, he said, "It is not an army that we must train; it is a Nation that we must prepare." In pursuit of that preparation, I suppose the administrative officers, like Franklin K. Lane, Secretary of the Interior, went forth and exercised an implied, inferential kind of authority in pointing our every energy and resource toward victory for this country in the World War. If that is the case, then we ought to stand by those administrative edicts whereby innocent citizens, dealing at arm's length and in good faith with their Government, undertook to contract to supply war materials, and then that war suddenly came to a premature end, after they had incurred a heavy obligation and failed to realize thereon. That seems to be all that is involved in the instant bill. The idea of the Federal Government saying to one of its citizens, "In good faith we will keep you whole if you will exercise the patriotic function and duty of purveying necessary war material for the prosecution of the war to victory", and then to back down on that contract that was written in terms of good faith, looks to me like a niggardly and illiberal policy on the part of the Federal Government.

I sincerely hope that every Member of this House can find it in his heart to approve these claims and once more get them off the record.

With respect to the question raised by the gentleman from Maryland [Mr. GOLDSBOROUGH] as to whether we shall distinguish these claims from others, I do not care whether we do or not. So long as the claims are founded in justice, it does not make any difference from what source they arise; they constitute a legal and moral obligation that devolves upon the Government of the United States; and even this Congress or any other Congress ought not let a hollow precedent or a kind of sham policy or any other consideration stand in the way of discharging our responsibility to give justice to those who dealt in good faith with their Government.

I hope the bill is passed. [Applause.]

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I appreciate that anyone who comes out these days and says a word for economy is not popular. I appreciate that anyone who comes here and tells the truth about these bills that are brought in here to take money out of the Treasury of the United States is unpopular. But, frankly, I expect to be unpopular as a result of my position on this bill.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. TABER. I decline to yield until I have gone far enough to demonstrate the complete fallacy of the arguments that have been brought out here.

Mr. WOODRUM. The gentleman has made a pretty broad statement. I think he ought to yield on that.

Mr. TABER. I stand on that statement.

Mr. WOODRUM. Will the gentleman point out who told an untruth and what they told?

Mr. TABER. I am going to tell the truth about the bill. I have not accused anyone of telling anything else. I am going to tell the truth about it. This is the fifth trip to the well. Time after time this law has been changed. Let me give you some illustration of the situation in the hearing before the Appropriations Subcommittee considering the deficiency bill in 1934 some of these claimants appeared. The Oneida Mines Co. made an original claim of $421,000. By awards they have already been paid $388,000, and that is all the award they have been granted. The Mineral Ridge Manganese Corporation made a claim for $134,499. They were declined an award at first, but later were given $21,000 under the 1929 amendment. The Hanna Minerals Co. made a claim for $319,000 and have already been paid $314,000. The White Marsh Mining Co. made an original claim of $325,000 and have already been paid $275,000 as an award.

The Secretary of the Interior was given the power to decide these claims and award damages. He has made these awards in almost every case. The particular company which has received at this time most consideration, the Chestatee Co., has been paid a total of $692,000 down to 1922. It was said they had borrowed $600,000 and were still in debt after that $692,000 was paid. They have subsequently been paid $136,000, yet still they have a claim above the awards that have been made and paid to them of $600,000. How does it get that way?

I think it is about time, without any intelligent explanation of any one of these claims or any showing of a legal right to ask the Government to pay them another dollar, when this House voted a year ago to turn down a rule for this purpose by a vote of 196 to 131, that the House should not go further, but should defeat this proposition.

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I am for this bill, because it will discharge a just obligation, in my opinion, of the United States Government to these war-mineral claimants. Many of the individuals and companies that went into the war-minerals business for the production of manganese, chrome, and other war minerals went in at the direct solicitation of the Secretary of the Interior, or his duly authorized agents. It may be alleged that many of these companies made a profit on their operations. This statement is not entirely the fact, because they were continuously urged by the Interior Department to expand their operations, and most of them reinvested such profits as might have been made to comply with the wish of the Interior Department in order to supply additional war minerals.

It would appear to me as a member of the Committee on Mines and Mining that the sole issue before this House is the question of interest as constituting a part of net losses. The Supreme Court of the United States in 1933 wrote that such interest in these cases was part of the net loss. I sincerely hope this House will do justice to these long-suffering claimants and pass this legislation. [Applause.]

[Here the gavel fell.]

Mr. SMITH of West Virginia. Mr. Chairman, I yield the remainder of my time to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Chairman, the gentleman from New York [Mr. TABER] says these claimants have been to the well five times. He says they came to Congress every time asking for the passage of amendatory legislation. Here is volume 267 of the United States Supreme Court Reports.

Surely the gentleman will believe the Supreme Court of the United States. With reference to the amendment of 1921, this opinion of the Court says, on page 180:

> This amendment was brought about on the recommendation of the Secretary of the Interior because he had felt obliged, under section 5 as it was, to reject some 600 claims for failure within the time limit to show a direct personal request or demand upon the claimant by the Government authorities named in the act and a response thereto by claimant and because the Comptroller had refused to pay any changed award of the Secretary made after a rehearing or to correct miscalculation.

That refers to miscalculations made by the Secretary. He asked for the amendment to the act. So the gentleman did not state the facts in that respect.

Mr. Chairman, I want to call the attention of the Members of the Committee to the report put out by the Mines and Mining Committee, which was a unanimous report, at this session of Congress. This report is available to the Members and shows by numerous precedents that the interest we are talking about in this bill is not interest on a claim and neither is it a precedent. We have passed many acts and they are listed in this report. The most famous of them is the act reimbursing the State of Nevada for money which it expended in guarding the Overland Trail during the War between the States, and in addition to the principal which we reimbursed that State for, the Congress paid them interest at the rate of 24 percent per annum and in lesser amounts as the interest rate they paid was reduced.

In addition to that we have the famous case from the State of New York, the State from which the gentleman from New York [Mr. TABER] comes. In that case the Congress repaid the State of New York for money borrowed and expended in raising troops to fight the War between the States, and in addition paid them all the interest which that State had incurred in connection with that obligation before the debt was incurred as well as afterward. That is all we are asking for in this case.

Mr. COX. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Georgia.

Mr. COX. There is a contractual relationship involved to some extent as between the Government and these claimants which wholly and entirely distinguish these claims from those which the gentleman from Missouri has been speaking about.

Mr. RAMSPECK. That is true.

Mr. Chairman, I hold in my hand Report No. 558 of the Sixty-fifth Congress, made by Mr. Henderson, of the Mines and Mining Committee, to accompany H. R. 11259, introduced in that Congress, which contains a letter from Franklin K. Lane urging the passage of this original legislation, and stating in there that it was necessary, he thought, in order to carry on the war. I will not try to read it all at this time.

I also hold in my hand a report by Mr. Foster, of the Mines and Mining Committee, which I will be glad to show to any Member of the Committee. This is Report No. 493, Sixty-fifth Congress, second session, in which appears quotations from the testimony of Mr. Lane. I want to quote just briefly one sentence. In referring to the original legislation and his request that it be enacted for the stimulation of production of these minerals which could be secured that way, he referred to the Chestatee case and the fact that five mines had been developed by these parties.

Mr. Lane says:

> This kind of thing can be done throughout the United States—

Now, particularly I want the Members to listen to the following quotation, and this is Franklin K. Lane talking:

> provided you can give some kind of guaranty that the man who develops these new properties, which are in competition with materials which come from abroad, where there are larger deposits, provided that the man who develops the small deposit in the United States can be assured he will get his money out of the investment that he puts into the development of these mines.

Mr. DOCKWEILER. Will the gentleman yield?

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

Mr. DOCKWEILER. Since the gentleman has touched upon the subject of the correspondence of Franklin K. Lane, is it not a fact if that sterling character, whose untimely death occurred a few years ago, was alive today, these claims would be settled? In other words, he would have petitioned the Congress to take care of this matter and we would not have an interest charge of any kind?

Mr. RAMSPECK. I think the gentleman is correct.

In addition to the testimony of Mr. Lane, there is quoted the testimony of Mr. Barney Baruch, of the War Minerals Board, advocating this legislation. I also call the attention of the Members to the fact that in this report there is a quotation also from the testimony of Mr. Herbert Hoover, who at that time was connected with war affairs. He states:

> I feel there is very badly needed a stimulation to production, especially of the minerals which are mentioned.

He also states this:

> Viewed entirely from the point of view of ship construction, the expenditure in the securing of stimulation to production of these minerals would repay itself a hundredfold.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. KVALE. I want to say at this point that I know of no one in the House who is more careful of his facts or fairer or more honest or more straightforward than the gentleman from Georgia [Mr. RAMSPECK], and I am pleased that he has made that statement.

Mr. RAMSPECK. I thank the gentleman from Minnesota.

In conclusion, Mr. Chairman, may I say that I have studied every word of the hearings and the reports of the committees and the entire history of this legislation from 1918 down to date. I give it to you as my conscientious judgment and my honest opinion that there never was a more meritorious bill before this Congress. Unless this bill is passed these 91 claimants who acted in response to the request of a Cabinet member in the time of our emergency, who acted out of a spirit of patriotism and put their money into these enterprises so that ships might be released for carrying war supplies and troops to France, so that we might have these necessary minerals to carry on the war, will not be made whole. They were just as much in the service of our country as the boys who wore the uniform, although, of course, they did not take the same risks. I think they are entitled to the same justice and equity that the Congress has given to those boys, and I hope every Member of this House will vote for the bill and at last do justice to these people who at the request and solicitation of Secretary Lane and in response to the urgings of Mr. Hoover and Mr. Baruch and other officials of the Government went out and invested their money in a business which they did not have any intention of going into except as a matter of patriotism and who now have lost this money and cannot be made whole unless this legislation is passed. [Applause.] I thank you.

Mr. Chairman, those Members of the House who will take time to investigate the facts relative to S. 1432, will, of course, realize the merit to that measure. One objection that has been raised against this measure is the fact that the war ended November 11, 1918, and, as one Member put

it, "Why all this delay in connection with these obligations?" That is a fair question. It can be answered rather briefly and, in my opinion, entirely satisfactorily. When the war ended, November 11, 1918, the Secretary of the Interior, Franklin K. Lane, came to Congress and requested legislation to enable him to comply with promises he had made to these claimants that they would be protected against loss. This relief legislation was enacted as section 5 of the act of March 2, 1919.

Engineers, geologists, and auditors were appointed by the Secretary to investigate the mining activities and the various claims throughout the United States. These investigations continued for several years after the claims were filed with the Secretary, and, as a result of these investigations, hearings were held. This took more time. Many items of loss on the claims filed were disallowed by the Secretary. Rehearings were had, however, and many of these were afterwards allowed and paid in part. This was in 1921.

Litigation took place in connection with many items which the Secretary had disallowed, and in 1925 the Supreme Court of the United States held that no court has jurisdiction to question a decision of the Secretary of Interior; that his decision, even though erroneous, was final and conclusive. The claimants then sought to amend the War Minerals Act, so that disputed items could be considered. These items had to do with purchase of property and interest on borrowed capital, and other items. Finally, in 1929, Congress conferred jurisdiction on the courts to decide the disputed question of law. In 1932 the Supreme Court of the United States affirmed the contentions of the claimants and ordered the disputed items of loss to be included in the adjustments and payments. As a result of all this it was not until 1933 and 1934 that claimants received certain payments which the court decreed they should have received in 1919.

During the years interest-bearing obligations had continued to run, because the claimants were unable to pay the same, and the present legislation is to reimburse claimants for the interest that they had paid during these years.

Consequently, anyone familiar with Government procedure, after checking over the above Supreme Court decisions, will readily understand that the claimants have been diligent, and that they have not been responsible for the long delay in the adjustment of these claims.

According to the Secretary of the Interior, this legislation is final and, if enacted, will complete the final chapter in the history of the war minerals legislation. The act expressly provides that payments made now shall be in full settlement of all claims.

In connection with the pending legislation, the suggestion has been made that claimants have already been paid enough to discharge any obligations which the Government owed them, and what they now want is interest on their claims.

I want to call this to the attention of the Members of the House, because the statement is absolutely erroneous. One claimant discussed this matter with me the other day, and I give you the facts just as he related them to me.

At the request of the Secretary of the Interior he incurred obligations in the sum of $97,000. When the war ended he was ruined financially. Congress created the War Minerals Commission. After the Government determined his claim was valid the Commission offered him a $2,000 settlement. He refused to accept it, and 3 weeks later was tendered a settlement of $22,022, which was accepted as part payment on account by the claimant. This was in 1919.

In 1923 the claim was reopened by the Commission, and items of loss which had been previously disallowed in 1919 were considered and paid in the sum of $39,000. After a lapse of years, while discussions as to items of loss and interpretation of the act were taking place, in 1934 the Commission reviewed the claim and allowed additional items that had heretofore been disallowed, and made settlement to the claimant on such items as loss of property and interest on obligations incurred to March 2, 1919, in the sum of $25,500. These partial payments, consisting of three, made to claimant at no time were sufficient to discharge the claimant's interest-bearing obligations, and interest had been paid by the claimant during these 17 years while the Commission had been reviewing claims under the act. The original principal claim has never yet been fully paid by the Commission to the claimant, not even taking into consideration the large sum of interest which has accumulated over this period of 17 years.

When these different awards were made this particular claimant paid them to his creditors, who applied the payments first to accumulated interest, and second to part payment on the principal indebtedness. This claimant never received any compensation from the Government for his work; and during all of this time has had to face these obligations, and is still in the same financial condition that he faced when the war ended. He was ruined financially then and is in that condition today. In addition, he has had to mortgage his property in order to avoid bankruptcy.

I am sure that the Members of the House want to get the facts correctly about this war minerals legislation, S. 1432. The other day I was talking to one of the Members and he voiced the objection that Congress never allowed interest on claims. His remark was absolutely correct, but has no application to the pending legislation. The war minerals claimants never made a profit or received any compensation whatever for their mining operations. Further, they are not asking for any interest at all on any "claims." This measure is entirely different from that type of legislation.

These claimants borrowed money and have had to pay interest to their creditors. This bill is to reimburse them for the losses they suffered by reason of obligations of that character. This bill is in no sense a bill to pay interest on a claim against the Government—and I say this by way of repetition—but is a bill to reimburse claimants who have obligated themselves to creditors at the express request of this Government. I am calling this to the attention of the Members of the House because I know they will want the facts and because a great many Members may have the wrong impression of this measure.

This matter is discussed at some length in the report of the Committee on Mines and Mining, No. 2002, which accompanies S. 1432.

The item of interest on borrowed money appears in 91 of the three-hundred-and-forty-odd petitions filed under the act of 1929 in the Supreme Court of the District of Columbia.

The 91 claims are from the following States:

Alabama	2
Arkansas	3
California	27
Colorado	8
Georgia	4
Illinois	4
Indiana	1
Maryland	1
Massachusetts	2
Minnesota	7
Missouri	3
Montana	1
New York	2
Ohio	1
Oklahoma	2
Oregon	6
Pennsylvania	3
Tennessee	1
Texas	2
Utah	1
Virginia	5
Washington	2
West Virginia	2
Kansas	1

[Excerpts from official findings of fact in the Chestatee case (claim no. 1)]

WASHINGTON, *May 21, 1917.*

Mr. FULLER CALLAWAY,
La Grange, Ga.

DEAR MR. CALLAWAY: I am informed by the Bureau of Mines that there is a large body of pyrite ore owned by the Chestatee Pyrite & Chemical Corporation, 9 miles north of Dahlonega, Ga., Mr. N. T. Pratt, of Atlanta, president. I am informed that this property is being opened up to produce 50,000 tons of pyrite a year and will probably be in operation by September if all goes well. I am also

informed that by extra effort the plant may be speeded up so as to obtain from 150,000 to 200,000 tons a year from this property.

As you know, sulphuric acid is absolutely essential for munitions and for the production of fertilizer, and they are especially needed in the present emergency. You have asked me where you could fit into some special work for the country. There is no emergency more pressing than the need of pyrite for our sulphuric-acid factories. Knowing your great powers of organization and your wide influence in north Georgia, I am writing to ask if you cannot in some way speed up this work.

It is a matter of such great importance that I shall be glad to render any assistance in my power in obtaining the necessary material and transportation facilities required, also furnish you with such expert advice concerning this property as you may desire.

Cordially yours,

FRANKLIN K. LANE.

The reply of Mr. George L. Pratt to the foregoing letter is as follows:

JUNE 18, 1917.

Memorandum for Mr. Fuller E. Callaway.

Proposed Government aid: The owners are prepared to have available at the mines a minimum of 150 tons per day of lump ores, delivery to begin in August, and an equivalent amount of fines as soon thereafter as concentration mill can be erected. It is altogether probable that if additional labor can be made available that other entries can be made into the vein at other points to result in increased output perhaps to double these amounts.

If, however, this tonnage is to be made available for market to supply present urgent requirements, it will be necessary to secure Government aid or aid from other sources to the following extent:

Fourth. Send such experts from the Geological Survey or Bureau of Mines or such other departments as may be deemed best to determine from personal investigation and inspection that the property and vein and the quality of ores are sufficient to warrant exploitation on large scale, and if found to be advisable, render such aid as may then seem warranted.

Fifth. Underwrite in some way the hazard of mining risk which now seems warranted on account of the urgent necessity of heavy tonnage of ore, but which would not seem to be justified under sound conservative business principles in normal times.

In appearing before the committee in advocating the passage of this bill—and I refer to the hearing before the Committee on Mines and Mining—Secretary Lane, sponsoring the legislation in accordance with his promise to Ashcraft and Wilkinson, referred to his activities, and referred particularly to the activities of his agent, Mr. Callaway, and without throwing any bouquets he held the Chestatee Corporation up as an example of what could be done in other mines in the country.

As I say, Secretary Lane, sponsoring this legislation that I have referred to, and referring to the activities of Mr. Callaway, his agent, said, among other things—and I am quoting now from House Report No. 493, Sixty-fifth Congress, second session, page 2:

Callaway is a very live man * * * that man has developed five mines since the middle of last year. * * * The men who owned these properties were not familiar with matters of large finance, did not know how to go about getting out their products and getting the money. * * * So he gave these men guidance and support, with the result that there has been that development which is very promising.

He went on to say:

That is the kind of thing that can be done throughout the United States, provided you can give some kind of guaranty that the man who develops these properties * * * can be assured that he will get his money out of the investment that he puts into the development of these mines.

Engineer Julihn, reporting to the Bureau of Mines, Department of the Interior, by letter from the Chestatee mine, dated November 28, 1917, said:

Arriving here as the first point of my itinerary, I quickly realized that the possibilities of this mine must be much greater than those of any other I would visit, and that no estimation of it could be made in cursory fashion. It is an enterprise of enormous potentialities in a formative state being attacked vigorously by capable men with adequate capital.

Again, on December 6, 1917, in reporting to the Bureau, Mr. Julihn said—and he was the authorized representative of the Government on the ground, cooperating and advising how to proceed:

the executive personnel is all that could be desired. There is no lack of money as the enterprise is adequately financed on a fine, clean basis.

The Secretary of the Interior, in making a partial award, said the following:

In this particular case * * * the then Secretary of the Interior personally requested one of the claimants to operate the properties on a big scale, which claimant at first declined to do unless the Government should underwrite the venture. This, of course, was impossible, but after some delay the Secretary, through his personal agent, requested Ashcraft and Wilkinson to use their influence to induce the claimant to enlarge his operations, and further, he asked them to assist in financing him.

Ashcraft and Wilkinson did so use their influence, and with success, and did finance claimant, for which financing claimant is obligated for a large amount.

The amount of money required to meet the Government's demands was so great as to make the securing of it by ordinary means almost impossible.

The activities of the Government to induce Ashcraft and Wilkinson to finance claimant so that war needs might be met quickly and in large measure were personal, direct, and effective. The fact that Secretary Lane, who himself had a part not only in the stimulation of the claimant, but, through suggestion, in the financing, recognized that Ashcraft and Wilkinson had performed a service to the Government is evidence of that service.

In reviewing this claim I have been struck by the magnitude of the expenditures and the possibilities of output. The very bigness of it tended to lead an examiner unconsciously to fail to give the claimant full justice. The record shows that the then Secretary of the Interior, realizing no doubt that this property presented opportunities for the biggest production of pyrites in the entire country, used every means in his power to persuade the claimant to develop it. His full influence short of underwriting the project, was exerted. Always, too, there was the realization that the claimant, in responding to the Government's request, would suffer great financial loss, notwithstanding the generous provisions of the War Minerals Relief Act.

THE SUPREME COURT, IN DECIDING THAT INTEREST ON BORROWED MONEY FOR WARTIME MINING ADVENTURES SHOULD RUN TO MARCH 2, 1919, ONLY, READ INTO THE STATUTE LANGUAGE WHICH CAUSED DENIAL TO CLAIMANTS OF THEIR NET LOSS ON THIS ITEM

It is clear that the Supreme Court, in the decision in *Ickes* v. *Chestatee* (289 U. S. 510) substituted the word "accrued" for the word "incurred" in the relevant proviso of the Relief Act, namely:

That no claims shall be paid unless it shall appear to the satisfaction of said Secretary that moneys were invested or obligations were incurred subsequent to April 6, 1917, and prior to November 12, 1918—

And so forth. This mistake evidently arose through the Supreme Court, in the Ickes decision, overlooking the pertinent language of the statute above quoted, which had been referred to in the earlier decision on this question, namely, *Wilbur* v. *Chestatee* (284 U. S. 231).

In the Wilbur decision the Court said:

The amount of interest that at the time of the passage of the Relief Act, March 2, 1919, had been paid or incurred by relator for money borrowed and lost in producing and preparing to produce pyrites upon the specified conditions is to be taken into account in determining the amount of its net loss as of that date. It constitutes a part of relator's expenditures and cost of the undertaking, and so is within the terms of the section as amended (*United States* v. *New York*, 160 U. S. 598; 40 L. ed. 551, 558–560; 16 S. Ct. 402).

The language "paid or incurred" obviously follows the language of the statute above noted. This opinion further states in speaking of the interest item:

It must be shown clearly that such interest was paid or the obligations incurred by relator at the instance of one of the specified governmental agencies.

The Secretary of the Interior, however, construed this Wilbur opinion to mean that he should only adjust and settle for interest paid or accrued up to the date of March 2, 1919, holding that the relief act, approved on that date, directed that he should "pay such net losses as have been suffered", and so forth, and that the direction of the enacting clause was not modified by any provisos in the statute. An analysis of the Secretary's construction shows that he gave first prominence to the adverbial clause "as have been suffered" in a sentence that directed him to pay net losses. He lost sight of the objective in the sentence; that is, to "pay net losses."

Upon the case going to the Supreme Court, the Secretary's contention was upheld (reversing the court of appeals) in the decision *Ickes* v. *Chestatee* (289 U. S. 518), and

it is here that the Court erred by reading into the statute a meaning not expressed by its plain language.

The Court in the opinion *Ickes* v. *Chestatee* (289 U. S. 510) on this point said:

When this Court stated in the Wilbur case that in determining the loss as of March 2, 1919, there shall be taken into account the amount of interest which has been paid or incurred by relator for money borrowed and lost.

The word "incurred" was used to mean interest accrued on that date.

By this rule the Court has clearly stated that the word "incurred" that appears in the relief act and in its opinion in the Wilbur case should mean "accrued." The language of the statute is clear. There is no ambiguity. The statute clearly states that net loss should be paid and provides that no claim shall be paid unless "* * * moneys were invested or obligations were incurred * * *" prior to November 12, 1918. There is no limitation in the statute to suggest that interest upon moneys borrowed for the wartime adventure ending November 11, 1918, should carry interest only until the date of the passage of the act, namely, March 2, 1919.

By the oversight of the Supreme Court in the foregoing quotation from the Ickes opinion it is clear that the Court "legislated" and read new language into the War Minerals Relief Act.

The Supreme Court, in its decision that interest on borrowed money for wartime operations under the Relief Act should run only until March 2, 1919, adopted a mistaken view of accounting practice and erroneously decided that the wartime operations of claimants were "going businesses."

In the decision *Ickes* v. *Chestatee* (289 U. S. 510), the Court, while holding that "net loss" had to be paid to March 2, 1919, undertook to define "net loss" in the following language:

The method of determining the net losses in such businesses during a particular period, or in a particular adventure, is well settled. The net losses consist of any deficit from operations plus any shrinkage in value of the plant investment. In calculating the loss for a period it is immaterial whether items entered as operating expense or as investment have been paid or are still owed for. If the capital employed by the corporation during the period, whether owned or borrowed, was sunk, its loss will necessarily be reflected either in the deficit from operations or in the shrinkage in value of the capital assets.

This definition is a good one. The Court, however, continues as follows:

In calculating the operating deficit during the period ending March 2, 1919, interest paid or accrued on the borrowed capital was treated as an operating charge. Interest accruing thereafter on any loan then outstanding is comparable to the cost of caring, after that date, of the value of that property. Such items enter into the determination of the losses of a later period, and with these the Government has no concern. Hence the Secretary properly refused to consider interest accrued after March 2, 1919, in calculating losses during the period ending that day.

This second quotation from the opinion belies the first. The Court ignored the record in this case that showed clearly that the operation was not a going concern. It was a wartime undertaking. But the writer of the opinion undertook to classify all of the war minerals claims as operations or businesses as "continuing" and not those that operated for a specific period only. They were "particular adventures." This fact is well known. In fact, in an earlier opinion, *Wilbur* v. *Vindicator* (284 U. S. 231), the Court clearly recognized this fact, when speaking of the continuing value of these war-time operations in the following language:

No such assumption can be entertained, for it's everywhere known that the contrary is true and that the value of lands and plans purchased and constructed to produce war minerals * * * greatly and permanently declined when the struggle ended.

War-minerals operations were specific or particular mining ventures, the net loss on which, up to the date of the armistice, including obligations on that date of all kinds, is, by the act of March 2, 1919, to be reimbursed. There is no language or suggestion, i. e., the act, to the effect that part of the said obligations are to be disregarded if not paid by March 2, 1919, and others are to be allowed. Yet this absurdity results from the intrusion of the so-called cut-off date for interest-bearing obligations.

COMMENTS ON LETTER OF ACTING COMPTROLLER GENERAL R. N. ELLIOTT TO THE HONORABLE JOHN J. COCHRAN, DATED MARCH 13, 1936

Mr. Elliott's letter makes no reference to the original controlling war-minerals statute, approved October 5, 1918, the title of which is as follows:

The act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of those ores, metals, and minerals which have formerly been largely imported, or of which there is or may be an inadequate supply.

The Supreme Court of the United States has ruled in effect, in one of the test cases (288 U. S. 97), that the act of October 5, 1918, is the controlling war minerals statute. In so ruling the Court used the following words:

Counsel for respondent (the claimant) correctly states the issue presented to the trial court. * * * Are the losses suffered for expenditures for the items involved here within the provisions of the act of October 5, 1918, as amended and supplemented by the act of October 2, 1919?

And:

With the issue as stated, the only showing required is that a claim for such losses was made and that such claim was disallowed because of the belief of the petitioner (the Secretary of the Interior) that the law did not permit such allowances. (Parentheses supplied.)

Section 5 of that act provided that the Government should pay "just compensation", and conferred upon claimant the right to sue for just compensation, if such were not offered, "in the manner provided by section 24, paragraph 20, and section 145 of the Judicial Code." Clearly, therefore, at the time of the passage of section 5 of the act of March 2, 1919, the Government was liable to producers who could prove their claims, and the wording of said section 5, wherein it provided in the enacting clause for the payment of "net losses", must be fairly considered as a congressional interpretation or measure of the "just compensation" provided for in the original act.

It is true that section 5 of the act of March 2, 1919, stated that nothing in that section "shall be construed to confer jurisdiction upon any court to entertain a suit against the United States"; but it did not remove the right that claimants enjoyed at that time to sue for "just compensation" under the preceding act of October 5, 1918; but claimants did not sue. They accepted in good faith the provisions made by the Congress when it passed section 5 of the act of March 2, 1919, that their "net losses" should be paid. They agreed to the provisions that in determining net losses ores and minerals and property owned by claimants might be charged against the awards. They also accepted the provision that the Government should take credit for any profits which had been earned by them. In other words, they compromised, so to speak, with the Government, waiving their right to "just compensation" and accepting in lieu thereof the right to prove and receive their "net losses."

The Supreme Court of the United States has ruled that interest paid and accrued on borrowed capital is a loss reimbursable, and in so ruling cited the case of the *State of New York* v. *The United States* (160 U. S. 598, 621–624) as controlling. The act under which New York State recovered in that case provided for the refund of "costs, charges, and expenses" incurred in equipping troops, and so forth, which words were interpreted by the Congress by an amendment to that act as meaning costs, charges, and expenses "as well after as before" the passage of the previous act.

If interest paid by the State on its bonds for many years after the passage of that act was provided to be refunded by the amendment passed by Congress "as well after as before" the passage of the previous act, that case was exactly parallel with the provisions of pending S. 1432 providing for refund of interest paid after the passage of the act of March 2, 1919.

Mr. Elliott seeks to draw distinction between the precedents referred to in the House committee report and the claimants seeking recovery under Senate bill 1432. He says the States—

making no reference to municipalities, counties, or individuals, provided for in some of these former acts of Congress—were not engaged in business enterprises from which profits were to be expected, and so forth. Perhaps that is true, but on the other hand their very existence was jeopardized by the then existing emergencies. Many claimants under the War Minerals Relief Act, when requested to produce the needed minerals while the original war mineral bill was pending in Congress, specifically pointed out to authorized Government agencies that the hazardous investments requested could not be safely considered as profit making and responded solely as a patriotic duty upon assurances of the then officials of the Government that they would be protected against loss. Their willingness that any profits made should be credited to the Government, as provided by the act of March 2, 1919, proves this assertion.

Congress has heretofore recognized by the act and its several amendments that this obligation, whether a legal liability or whether "a gratuity based upon moral and equitable consideration", should be discharged by the payment of net losses.

The expression just above quoted of Mr. Chief Justice Taft in his opinion in the case of *Work* v. *United States ex relator Reeves*, March 2, 1925 (267 U. S. 175), was pure "dicta." The question was not before the Court, and even if it was it was only dicta because in that case the Court ruled that no court, not even itself, had any jurisdiction. It was evidently so considered when the several cases later came before it under the authority of the act of February 13, 1929, which conferred jurisdiction on the courts in that no mention was made in any of these several decisions in claimants' favor as to a gratuity, notwithstanding the fact that counsel for the Government forcefully presented that particular question in both brief and argument.

Mr. Elliott has fallen into the same error as the Solicitors of the Department of the Interior from the date of the approval of the act of March 2, 1919, until they were reversed by the Supreme Court on all questions of law in 1932 and 1933. This error was, among other errors, that they considered losses due to interest paid as interest and not as a "net loss."

The fact that the Government does not pay interest except for bond indebtedness and refund of taxes and the like is entirely irrelevant and immaterial. Section 5 of the act of March 2, 1919, and amendments thereto, and the affirmative Supreme Court decisions given under the authority of the act of 1929 all provide for the payment of "net losses." Neither the Congress nor the courts have been concerned with any of the particular items forming part of the net losses until the Supreme Court fixed a cut-off date, so to speak, beyond which date it interpreted the statute as not permitting the secretary to refund losses due to interest paid and accrued.

Mr. Elliott says that—

> Interest after March 2, 1919, on moneys which have been borrowed by claimants and expended in production of war minerals is not to be distinguished from interest negative by both the Comptroller of the Treasury and the Committee on Claims of the House, and that claims for interest after March 2, by reason of the delay of the Secretary in making settlement allowing interest to said date is not to be distinguished from interest on any other claim against the United States where settlement is delayed.

Claimants are not asking for interest on their claims. They are asking solely for payment of their net losses suffered by reason of obligations incurred to pay interest on borrowed capital, which Congress evidently intended, as has been confirmed by the Supreme Court in its interpretation of the act. If the wording of section 5 of the act of March 2, 1919, was insufficient to include in the payment of net losses interest which has been paid or has accrued after that date on obligations incurred within the statutory period, it is certainly not inconsistent to ask the Congress to clarify or amend the wording of that act exactly as it did when it amended the act of 1861 to include costs, charges, and expenses as well after as before the passage of that act.

It is pertinent to call attention to the fact that many of the recoveries through the courts and by authority of Congress as expressed in the references cited in the committee report were recovered only after the Comptroller of the Treasury or other fiscal authorities of the Government had denied claims of States, municipalities, counties, corporations, partnerships, and individuals, and that such acts of Congress or decisions of the court under authority conferred by the Congress have reversed these adverse rulings of the Comptroller and other fiscal authorities. It is, therefore, only natural that the present Acting Comptroller General, Mr. Elliott, should adhere to these former rulings and advise against passage of the pending bill.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

> *Be it enacted, etc.*, That in any claim that has heretofore been filed within the time and in the manner provided by the act approved March 2, 1919 (40 Stat. 1272), as amended, generally referred to as the "War Minerals Relief Statutes", in which the Supreme Court of the District of Columbia under the authority conferred upon said court by the act approved February 13, 1929 (45 Stat. 1166), has adjudged or decreed interest payments or obligations to be losses reimbursable within the meaning of the act of March 2, 1919 (40 Stat. 1272), as amended, the Secretary of the Interior shall open or reopen such claim and include in his adjustments and payments of losses, interest which has been paid or has accrued to the date of approval of this act: *Provided, however*, That such losses shall be shown to the satisfaction of the Secretary of the Interior as a matter of fact to be the result of a legal obligation incurred within the statutory period as provided in said act of March 2, 1919: *And provided further*, That the sum paid in satisfying said claims shall not exceed in total $1,250,000. It is also provided that all settlements under this act and pursuant to its provisions shall constitute full and complete discharge of all obligations of the United States accruing under the War Minerals Act and acts amendatory thereof.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I listened to this debate yesterday in all its phases, and I am convinced this is a meritorious bill.

The gentleman from Georgia [Mr. RAMSPECK] has eloquently explained the entire situation in reference to passage of similar previous bills in this connection and also to the decisions of the Supreme Court. It seems to me only a matter of justice that this House should pass the bill and take care of these people who, in time of war, and as a patriotic measure, went out and started these mines at the request of the Secretary of the Interior, and were promised, at that time, that no losses would come to them and that the United States Government would reimburse them if there were any losses suffered by them as a result of their patriotic endeavor to provide sufficient minerals and thereby release ships to convey troops with which, otherwise, we would have had to import these minerals into the United States in order to take care of our national defense.

The gentleman from Georgia explained thoroughly that the Supreme Court in its decision stated that the interest payments should be covered into the legal meaning of net losses.

Many of these people, as the gentleman has explained, are in want, as referred to in the Virginia case and the Georgia case. These cases cover 24 States of the Union. It is not a matter of something that the gentleman from Georgia is trying to pass for a constituent. It is a matter that affects 24 States of the Union, and the Supreme Court has said that the interest charges should be paid. The 1919 law was misconstrued by the courts, and then the Supreme Court of the United States said that interest charges were intended to be included and that these people should be reimbursed not only for the original cost which they understook at the instance of the Secretary of the Interior in time of war, but interest should be paid them for what they had lost. This seems only equity.

It is now a long time since the war, but what these people did was just as important at that time to the Nation as the troops that went to the front or as the men who were in the Artillery or Infantry or any other branch of the service. It was important to get these minerals to put into the shells that were to be fired upon the enemy and for many other purposes. It was important that these minerals be found.

The Secretary of the Interior caused investigation to be made, asked these people to open up new mines, asked them to exploit further mines which were opened, and told them, "If you have to borrow money to open these mines or get these minerals, we will see to it that you do not lose any money, and we will see to it that you are reimbursed for everything you put out." It is now a question of the good faith of the United States Government with its citizens who patriotically did their duty, opened the mines, did what they were asked to do, and at this time we certainly should not allow them to suffer for carrying out their patriotic duty to the Government, and I hope the bill will pass. [Applause.]

Mr. SISSON. Mr. Chairman, I move to strike out the last two words. I agree entirely with what has been so well said by the gentleman from Massachusetts [Mr. CONNERY]. I hope and pray that this country will never engage in the situation we were in during the period of 1914, when we began the preparation for the war of 1918, but I trust if we are in such a crisis that those who are in authority and who may begin by calling upon the people to support the Government, that those upon whom they call will not have staring them in the face the fact that the Government of the United States was reckless and defaulting in its obligations as to just claims during the war through which we have just passed.

Interest losses mean to my mind a matter not only of law but plain common sense and justice as an obligation incurred.

I have just as much love for my Government of the United States as any man here who would oppose these claims, but I believe it is my duty as a Member of this body to exert what little influence I may have with this Government to have it meet its obligations. I shall vote for this bill. [Applause.]

Mr. GIFFORD. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Massachusetts is recognized for 5 minutes.

Mr. GIFFORD. I do not desire to take the 5 minutes. I have opposed so many of these large expenditures that I think I shall vote for this war minerals bill. I have read the debate and been rather impressed thereby. Somehow after reading the reports of investigating committees and listening to speeches made against those in the war who made huge profits, I have not heard from the Democratic side of the House very much sympathy expressed for those people who actually lost money. Today we find you are really pleading for some of those corporations which did suffer losses.

I am inclined to back you up in an effort to do belated justice to these people, for whom you have not heretofore expressed much concern. All we have ever heard from you is something about these awful profits that these recently styled "entrenched greed" people made during the war. Others who suffered severe losses have not been mentioned. So I join with you, in spite of the precedent you may be establishing with relation to interest payments, welcoming your change of attitude on this War Minerals Act, and shall vote for the bill. [Applause.] But I do not want it understood that I have backed down a fraction of an inch from the verbal castigations that I have administered because of so many of your unwarranted and reckless expenditures.

Mr. COCHRAN. Mr. Chairman, I move to strike out the last four words in order to secure recognition.

I regret to hear the gentleman from Massachusetts [Mr. GIFFORD] make the speech that he has just made. The principle involved here, the long-established policy of the Government, is too great for him to set aside, and I would rather see him continue the way that he has continued in the past. The gentleman and I have not always agreed on relief measures, but we generally agree on unsound claims bills.

As I said yesterday, the principle involved in this bill is whether or not you are going to pay interest to claimants beyond the date of the passage of the original act. The claimants received payment for losses as well as interest up to that date. This provides interest to date of settlement.

Mr. RAMSPECK. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I only have a few minutes. I decline to yield. To hear some of the gentlemen talk here today, one would wonder whether or not these claimants have ever received any money. I made the statement on the floor yesterday and put into the RECORD a showing that they received approximately $10,000,000. Then, again, you have 84 additional cases still pending in court, and some day, if you pass this bill, you will pass another not only paying losses but interest to date of settlement, which will be for over 15 years, as well as the principal.

I am not going to vote for legislation that will set a precedent that is going to come back to plague us.

The gentleman from Minnesota [Mr. PITTENGER] is very much interested in this bill, as is his colleague [Mr. MAAS], judging from their speeches, although there is no claimant from their State. I am wondering, if we pass this bill, whether we will have another Minnesota fire-claims bill here asking us to pay interest to date of settlement of those claims, which Congress paid twice.

Mr. PITTENGER. Mr. Chairman, I demand the regular order. The gentleman is not discussing the bill.

Mr. COCHRAN. Not the way the gentleman would like to have me discuss it. Is it not reasonable that such a bill will be introduced? It is a matter of wonder to me how some of the Minnesota Members who were so interested in the Minnesota fire-claims bill and the Russian shoe bill should be interested in this bill and also are interested in another bill that I suppose will come in later—the so-called grain corporations bill.

Mr. KVALE. Oh, the gentleman is too fair to impugn the motives of his colleagues, and I know that he will withdraw his statement.

Mr. COCHRAN. I shall not withdraw my statement. I might say "some of those", if that will satisfy the gentleman, but I am not going to withdraw the statement, in view of what happened on the floor of the House yesterday and today. I do not impugn the motives of the gentleman, as he is not leading the fight for this bill.

Mr. PITTENGER. Mr. Chairman, I demand the regular order; that has nothing to do with this.

Mr. COCHRAN. The grain bill is another raid on the Treasury. Remember what I say, it will be back at a later date.

I repeat, I urge the Members of this House to consider the policy that this Government and this Congress has followed since 1813 and vote down this legislation. Do not provide to pay interest on losses or claims up to date of settlement.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. Yes.

Mr. GIFFORD. Inasmuch as the gentleman referred to me, I just wanted to say that I would like to go along with the gentleman, but how about the billion and a half dollars' raid on the Treasury for the W. P. A.?

Mr. COCHRAN. That is not a raid on the Treasury. That is to help people in distress, and I say to the gentleman that we will pass that bill. We do not want riots in this country. I would rather vote a billion and a half for people who cannot find employment and have no money to buy food than to vote for this bill. There is absolutely no connection between the two.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. RICH. Mr. Chairman, I rise in opposition to the amendment.

Mr. SMITH of West Virginia. Mr. Chairman, I move that all debate upon the bill and all amendments thereto do now close.

The CHAIRMAN. The question is on the motion of the gentleman from West Virginia.

The motion was agreed to.

Mr. RICH. Mr. Chairman, I demand recognition. I had a right to have recognition.

The CHAIRMAN. Under the rule the Chair must recognize the chairman of the committee. Under the rule the Committee will rise.

The Committee accordingly rose; and the Speaker having resumed the chair, Mr. BEAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 1432, and, pursuant to House Resolution 487, he reported the bill back to the House.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the third reading of the Senate bill.

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

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. TABER and Mr. COCHRAN) there were ayes 129 and noes 48.

Mr. COCHRAN. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and six Members are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 232, nays 97, not voting 98, as follows:

[Roll No. 85]

YEAS—232

Andresen	Dockweiler	Kopplemann	Ramsay
Arends	Dorsey	Kramer	Ramspeck
Bankhead	Doughton	Kvale	Randolph
Barden	Doxey	Lambertson	Rayburn
Barry	Drewry	Lambeth	Reilly
Beiter	Driscoll	Lamneck	Robertson
Bell	Driver	Lanham	Robinson, Utah
Berlin	Duffy, N. Y.	Lea, Calif.	Rogers, N. H.
Biermann	Dunn, Pa.	Lemke	Russell
Bland	Eckert	Lewis, Colo.	Sanders, Tex.
Bloom	Ekwall	Lewis, Md.	Sandlin
Boileau	Englebright	Lucas	Schulte
Boland	Evans	Lundeen	Scott
Boylan	Fernandez	McAndrews	Scrugham
Brooks	Fitzpatrick	McClellan	Sears
Brown, Ga.	Flannagan	McGehee	Secrest
Buck	Focht	McGrath	Shanley
Buckler, Minn.	Ford, Calif.	McKeough	Shannon
Burch	Frey	McLaughlin	Short
Burdick	Fuller	McLeod	Sirovich
Burnham	Gambrill	McMillan	Sisson
Caldwell	Gasque	McReynolds	Smith, Conn.
Carmichael	Gassaway	Maas	Smith, Va.
Carter	Gearhart	Mahon	Smith, W. Va.
Cartwright	Gehrmann	Main	Somers, N. Y.
Casey	Gifford	Maloney	Spence
Castellow	Gildea	Mansfield	Stack
Celler	Goldsborough	Martin, Colo.	Stewart
Chandler	Granfield	Mason	Stubbs
Chapman	Green	Massingale	Sullivan
Christianson	Greever	Maverick	Terry
Church	Gregory	Mead	Thom
Citron	Guyer	Meeks	Thompson
Colden	Haines	Merritt, Conn.	Tolan
Connery	Halleck	Merritt, N. Y.	Tonry
Cooper, Tenn.	Hamlin	Millard	Turner
Corning	Harlan	Mott	Umstead
Costello	Hart	Nichols	Vinson, Ga.
Cox	Healey	Norton	Vinson, Ky.
Cravens	Hennings	O'Connell	Wallgren
Crosby	Hess	O'Day	Walter
Crowe	Higgins, Mass.	O'Leary	Warren
Cullen	Hildebrandt	O'Neal	Weaver
Cummings	Hill, Ala.	Owen	Welch
Curley	Hill, Samuel B.	Parsons	Werner
Daly	Hobbs	Patman	West
Darden	Houston	Patterson	Whelchel
Dear	Hull	Patton	White
Deen	Imhoff	Pearson	Wilcox
Delaney	Jacobsen	Perkins	Williams
Dempsey	Johnson, W. Va.	Peterson, Ga.	Wilson, La.
DeRouen	Kahn	Peyser	Withrow
Dickstein	Keller	Pfeifer	Wolcott
Dingell	Kerr	Pierce	Wolfenden
Dirksen	Kinzer	Pittenger	Wolverton
Disney	Kleberg	Plumley	Woodruff
Ditter	Knutson	Powers	Woodrum
Dobbins	Kocialkowski	Rabaut	Zimmerman

NAYS—97

Allen	Beam	Carlson	Colmer
Amlie	Binderup	Carpenter	Cooley
Andrews, N. Y.	Blackney	Cavicchia	Crawford
Ashbrook	Blanton	Cochran	Crosser, Ohio
Bacharach	Brewster	Coffee	Crowther
Bacon	Cannon, Mo.	Cole, N. Y.	Darrow
Dies	Hollister	May	Robsion, Ky.
Duncan	Hook	Michener	Rogers, Mass.
Eagle	Hope	Mitchell, Ill.	Sauthoff
Eicher	Johnson, Tex.	Mitchell, Tenn.	Schaefer
Ellenbogen	Jones	Monaghan	Schuetz
Engel	Kelly	Moran	Snell
Faddis	Kennedy, N. Y.	Moritz	South
Fenerty	Kenney	Nelson	Stefan
Fish	Kniffin	O'Brien	Sutphin
Fletcher	Lehlbach	O'Malley	Sweeney
Ford, Miss.	Lord	Pettengill	Taber
Fulmer	Luckey	Polk	Thomason
Gilchrist	Ludlow	Rankin	Thurston
Gillette	McFarlane	Ransley	Tobey
Gingery	McLean	Reed, Ill.	Whittington
Goodwin	Mapes	Reed, N. Y.	Wilson, Pa.
Gray, Ind.	Marcantonio	Rich	
Griswold	Marshall	Richardson	
Hancock, N. Y.	Martin, Mass.	Risk	

NOT VOTING—98

Adair	Duffey, Ohio	Kennedy, Md.	Sanders, La.
Andrew, Mass.	Dunn, Miss.	Kloeb	Schneider, Wis.
Ayers	Eaton	Larrabee	Seger
Boehne	Edmiston	Lee, Okla.	Smith, Wash.
Bolton	Farley	Lesinski	Snyder, Pa.
Boykin	Ferguson	McCormack	Starnes
Brennan	Fiesinger	McGroarty	Steagall
Brown, Mich.	Gavagan	McSwain	Sumners, Tex.
Buchanan	Gray, Pa.	Miller	Tarver
Buckley, N. Y.	Greenway	Montague	Taylor, Colo.
Bulwinkle	Greenwood	Montet	Taylor, S. C.
Cannon, Wis.	Gwynne	Murdock	Taylor, Tenn.
Cary	Hancock, N. C.	O'Connor	Thomas
Claiborne	Harter	Oliver	Tinkham
Clark, Idaho	Hartley	Palmisano	Treadway
Clark, N. C.	Higgins, Conn.	Parks	Turpin
Cole, Md.	Hill, Knute	Peterson, Fla.	Utterback
Collins	Hoeppel	Quinn	Wadsworth
Cooper, Ohio	Hoffman	Reece	Wearin
Creal	Holmes	Richards	Wigglesworth
Cross, Tex.	Huddleston	Rogers, Okla.	Wood
Culkin	Jenckes, Ind.	Romjue	Young
Dietrich	Jenkins, Ohio	Ryan	Zioncheck
Dondero	Johnson, Okla.	Sabath	
Doutrich	Kee	Sadowski	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Taylor of Colorado (for) with Mr. Seger (against).
Mr. Creal (for) with Mr. Andrew of Massachusetts (against).
Mr. Taylor of Tennessee (for) with Mr. Wigglesworth (against).
Mr. Johnson of Oklahoma (for) with Mr. Jenkins of Ohio (against).
Mr. Knute Hill (for) with Mr. Bolton (against).
Mr. Reese (for) with Mr. Hartley (against).
Mr. Dunn of Mississippi (for) with Mr. Eaton (against).

General pairs:

Mr. McCormack with Mr. Treadway.
Mr. Tarver with Mr. Holmes.
Mr. McSwain with Mr. Cooper of Ohio.
Mr. Montague with Mr. Gwynne.
Mr. Feisinger with Mr. Tinkham.
Mr. Cary with Mr. Hoffman.
Mr. Buchanan with Mr. Culkin.
Mr. Duffey of Ohio with Mr. Dondero.
Mr. Boehne with Mr. Wadsworth.
Mr. Huddleston with Mr. Collins.
Mr. Greenwood with Mr. Turpin.
Mr. O'Connor with Mr. Higgins of Connecticut.
Mr. Snyder of Pennsylvania with Mr. Thomas.
Mr. Sumners of Texas with Mr. Doutrich.
Mr. Gavagan with Mr. Schneider of Wisconsin.
Mr. Parks with Mr. Biermann.
Mr. Cannon of Wisconsin with Mr. Kee.
Mr. Ryan with Mr. Dietrich.
Mr. Taylor of South Carolina with Mr. Edmiston.
Mr. Hancock of North Carolina with Mrs. Jenckes of Indiana.
Mr. Boykin with Mr. Larrabee.
Mr. Farley with Mr. Murdock.
Mr. Wood with Mr. Smith of Washington.
Mr. Miller with Mr. Harter.
Mr. Palmisano with Mr. Gray of Pennsylvania.
Mr. Richards with Mr. Cole of Maryland.
Mr. Kloeb with Mr. Starnes.
Mr. Zioncheck with Mr. Brennan.
Mr. Ferguson with Mr. Steagall.
Mr. Kennedy of Maryland with Mr. Bulwinkle.
Mr. Claiborne with Mr. Wearin.
Mr. Clark of Idaho with Mr. Romjue.
Mr. Brown of Michigan with Mr. Quinn.
Mr. Buckley of New York with Mr. Peterson of Florida.
Mr. Oliver with Mrs. Greenway.
Mr. Ayres with Mr. Cross of Texas.
Mr. Adair with Mr. Rogers of Oklahoma.
Mr. Sabath with Mr. Sanders of Louisiana.
Mr. Utterback with Mr. Montet.
Mr. Sadowski with Mr. McGroarty.
Mr. Lee of Oklahoma with Mr. Young.

Mr. WALLGREN changed his vote from "no" to "aye."

Mr. JOHNSON of West Virginia. Mr. Speaker, my colleague, Mr. KEE, is unavoidably absent. Had he been present, he would have voted "aye."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

ADMINISTRATIVE POWERS OF THE COMPTROLLER OF THE CURRENCY

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent that the bill (H. R. 12447) 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, reported by the Committee on Banking and Currency, be recommitted to the Committee on Banking and Currency.

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

There was no objection.

AMERICANISM VERSUS NEW DEALISM

Mr. SHORT. Mr. Speaker, I ask unanimous consent to correct my own remarks in the RECORD by inserting a speech recently delivered by myself.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SHORT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address, delivered by me before the Republican State convention, St. Louis, Mo., April 27, 1936:

Chairman Dalton, my fellow Republicans, and countrymen, indeed, I would be inhuman and ungrateful if I did not express to you my appreciation of the high honor which you have just conferred upon me by electing me temporary chairman of this State convention, to deliver this keynote address to such a large and enthusiastic gathering of representative Missouri Republicans. The militant spirit revealed by this vast throng is proof positive that the Republican Party is very much alive. It presages our return to power this November, which will mark the end of the most tyrannical, extravagant, and debauched administration in the history of our Republic.

Proud as I am to be a Republican, I want to speak to you today not so much as a member of a great political party, but as an American patriot who still loves his country and is willing to fight, and if need be, die for liberty. In this grave crisis and at this tragic hour, the American people should forget all about politics. The battle today is not between Democrats and Republicans; it is between those citizens of our country who still believe in our form of government, revere the Constitution, and prize their freedom more than they do benevolent doles, and another class of our citizenry who have become so entranced with and allured by New Deal promises or so intimidated by New Deal threats that they are willing to sell their souls for a mess of pottage. Today the conflict is between Americanism and New Dealism.

Franklin Delano Roosevelt was elected upon an excellent platform, written by prominent members of the Democratic Party. With one or two exceptions, he has consistently and completely broken every promise and plank in that platform, violated the pledges he made in his speeches as a candidate, and repudiated the cardinal principles and teachings of the great founder and patron saint of the Democratic Party. Likewise, he has turned his back upon the stalwart leaders of democracy and surrounded himself with a coterie of sophisticated satellites, impractical and inexperienced theorists, who were never elected to any office and were scarcely known to anyone, in order that he might carry out almost plank for plank and word for word the last platform of the Socialist Party. That is why practically every great Democratic leader of this country has already "taken a walk", and are as vehemently and conscientiously opposed to the dangerous doctrines, the insidious propaganda, and the charlatan methods of the New Dealers as we Republicans ourselves are.

In the past, Republicans and Democrats have differed on many matters, such as the tariff, League of Nations, and monetary policies, but never in the history of our Republic have Republicans and Democrats differed on the Constitution. And always, in a grave crisis when liberty is imperiled, when our rights and privileges as free men are endangered, and when the very fabric of our form of government is threatened with destruction, the American people know no politics, for they place patriotism above partisanship and the welfare of our country above personal greed and gain.

The task of criticism is by no means pleasant, but often is necessary. It is imperative that we have two great political parties in this country; and just as competition is necessary to have good business, so, in order to have clean and efficient government, it is necessary that we have a highly organized, aggressive, intelligent, and fearless minority, whose sacred right and solemn duty it is to criticize and hold in check the party which happens to be in power. For over a year the American people under this New Deal forgot their politics and the Republicans of this Nation, both in and out of Congress, cooperated almost to the point of folly with the present administration in its war on the depression. Not until the Houdini in the White House ran out of rabbits which he pulled out of his hat, not until the magician lost his magic wand, not until the laughing playboy turned his back upon the very men of his own party who were most responsible for his nomination and election, not until he ruthlessly trampled into oblivion the platform on which he was elected, not until he deliberately and flagrantly violated the promises he had made as a candidate, not until he had swallowed up the legislative functions of a supine, bootlicking, and intimidated Congress, not until he would have usurped the judicial functions of our courts and destroyed the Constitution, did the American people raise their voice in protest.

The amazing thing is that our people have been so patient, which can be explained only by the apathy and indifference of some and by the cowardice of others. Since I have spoken in practically all parts of our State and most of you present have no doubt heard me many times before, I do not care at this time to trespass upon your patience by reciting in detail the many broken promises of this administration.

After all, it is unnecessary to rehash old stuff, for the American people, even the small portion comprising the most ignorant, now fully realize that President Roosevelt and his "brain trusters" have enormously increased the cost of Government, piled bureau upon bureau, debased our currency, juggled finances, debauched the civil service, placed the Government in competition with all kinds of private enterprise, added more than 800,000 employees to the pay roll, multiplied our deficits, augmented our debt, and fed the American people expensive, poisonous propaganda while trying to ease their pain by feeding them palliatives the cost of which they must ultimately bear.

At first this administration based its hope of recovery and reform upon the N. R. A., which was a deliberate communistic attempt to regiment American industry and place business all over this country in a strait jacket. An overwhelmingly Democratic Congress immediately surrendered its prerogatives to the Executive, whose appointees as directors of various code authorities, drawing fat salaries, arrogantly and mercilessly cracked the whip over the heads of businessmen, large and small, until the Supreme Court declared the infamous, illogical, and un-American scheme of fascism unconstitutional and by a unanimous and vigorous opinion wrung the neck of the "blue buzzard" and threw its dead carcass out the window—not, however, until great wrongs had been perpetrated upon a free people and many of our citizens had been subjected to unjust and inexcusable assessments and forced to pay fines and suffer imprisonment. So incensed was the President after that adverse decision that he branded the nine mature Justices—who are not subject to political pressure, the violence of the mob, or Executive intimidation; men of intelligence and character, of high patriotism and long legal training and experience; who hold office for life and are free to render fair, just, and unbiased opinions; who are the repository of our rights and the safeguard of our liberties, the only citadel of freedom that stands between us and tyranny—as belonging to the "horse and buggy" age.

In other words, in the President's opinion the Court is obsolete and outworn and might as well be abolished. In spite of their decision he would resurrect the "blue buzzard" and several bills shortly afterward were introduced by Members of Congress in both Houses to set up a skeleton N. R. A. Thousands of N. R. A. employees were kept on the public pay roll for months after the act was nullified by the Court, at an enormous expense to the already overburdened American taxpayer. It is significant that a few months after the Court's decision, while the Ways and Means Committee of the House was considering the Guffey Coal Act, which should be called the "Goofy bill", since it establishes an N. R. A. for the bituminous-coal industry, the President wrote a letter over his own signature to Congressman SAM B. HILL, of the State of Washington, urging him and his colleagues not to allow any doubts, no matter how reasonable, as to the constitutionality of the measure they were considering, to deter them from enacting it into law. The essence of that letter was "ignore the Supreme Court, forget the oaths you have taken to uphold, protect, and defend the Constitution, and pass this bill because I want it." One of the pieces of "must" legislation. And the bill was passed, though I anticipate the Court will knock it in the head when they get to it.

Our experience with N. R. A., which was nothing more than a modern Spanish inquisition, with all of its brutal tyrannies, artificial codes, and unreasonable edicts issued by dictatorial bureaucrats, having the force of binding law upon the members of an industry, certainly taught us that it is impossible to ballyhoo or parade one's self back to prosperity, and also that the American people, unlike dumb cattle, refuse to be driven by these insolent little pygmies who never had any business of their own and who cared naught for the business of others so long as they received their fat salaries. A recent report by Acting Budget Director Daniel W. Bell to the Ways and Means Committee informs us that the N. R. A. cost the taxpayers of the United States $25,057,164, and that exactly $6,042,302 was expended after the Supreme Court declared the act unconstitutional. Bear in mind that this is only administrative expense, paid out directly by the Government, and does not take into account the hundreds of millions of dollars in losses and foolish expenses which business and industry of this country suffered.

In spite of this sad and costly experience, the administration is right now contemplating bringing in a new N. R. A. bill, and in case Mr. Roosevelt by any chance should be reelected this fall—and sufficient changes are made in the Supreme Court—and given another 4 years of Roosevelt, they will be made, by packing the Court or by the death of present members—American business will once more have saddled upon its back this blood-sucking serpent that will destroy its very life.

The next main prop to be knocked from under the New Deal was the A. A. A. Just as the N. R. A. had attempted to regulate and dictate to businessmen and industry, so the A. A. A. attempted to regiment the American farmer. Over $1,000,000,000 were handed out to the producers of certain products for not raising those products. Bear in mind that these Government checks went to fewer than half the farmers of this country, because many farmers refused to cooperate in such a scheme, which they believed to be un-American, and could not remain permanent, and which the Supreme Court declared unconstitutional, while other farmers produced certain commodities which did not fall under the program of A. A. A. The dairy industry, which is the greatest branch of agriculture, the biggest single industry in this country—bigger than oil, bigger than steel, bigger than automobile—suffered terribly under the A. A. A. and never received any benefits therefrom. Likewise the poultry raisers and fruit growers, as well as the dairy farmers in my own congressional district down in the Ozarks, never participated in any of these benefits. The fact of the matter is that certain classes of farmers were penalized in order to assist other kinds of farmers, and some sections of the country benefited at the expense of others.

And don't forget how the payments varied. According to the report of the Secretary of Agriculture himself, which, of course, had to be wormed out of him, one Florida sugar corporation, under the A. A. A., had received a total of $1,067,665 in three checks; a Hawaiian sugar company received a single check for $470,313 and in all will receive $1,022,047.87; a sugar grower in Puerto Rico was paid $961,065; one California farmer received over $200,000 for not raising 14,000 hogs; one cotton plantation was paid not far from $200,000 for holding down cotton production—but one-quarter of the cotton producers received less than $100. Many rich absentee landlords profited enormously under the A. A. A., whereas the poor, struggling tenant farmer and sharecropper suffered terribly. By limiting the acreage and reducing production they were thrown out of employment and placed upon the relief rolls, while at the same time the cost of overalls, work shirts, and calico dresses practically doubled for the farmers, miners, and manual laborers of our country. Likewise the processing tax on cotton largely paralyzed the great textile industry in New England, Pennsylvania, and the Carolinas. Many of the workers in these mills have been thrown out of employment because of the tremendous increase in imports of cotton and cotton fabrics from other parts of the world, principally Japan. The process tax on cotton also destroyed our world cotton export market. Today European nations, instead of buying raw cotton from the United States, are importing it from Brazil, Egypt, the Sudan, Caucasia, and India.

Under the A. A. A. a single wheat grower had payments running up to nearly $100,000, and some of the land on which he was paid for growing no wheat he had leased from the Indians for 50 cents an acre. It is a known fact that in many instances farmers have received more in 1 year for not planting crops on their lands than the land itself was actually worth.

In the meantime what happened to the millions of consumers of this country? Ask any housewife and she will tell you of the tremendous increase in the cost of living. Processing tax on corn and hogs made pork a luxury and the poor could eat no meat. The "brain trusters" preach the "abundant life", and in order to bring about its fulfillment they advocate a philosophy of scarcity, which has produced misery. In order to clothe the naked, they plow under the cotton; in order to feed the hungry, they burn wheat, agree not to plant corn if they are paid for their effortless task, and knock little pigs in the head.

When the farmer was paid not to grow cotton, he grew peanuts; when he was paid not to plant peanuts, he grew tobacco; when he was paid not to plant tobacco, he planted potatoes; then they proposed to pay him not to plant potatoes. The idiocy of these unnatural, artificial attempts to regulate nature, which is as foolish and futile as the attempt to legislate against cyclones or to repeal the law of gravity, culminated in the famous and never-to-be-forgotten potato-control law. On the 3d of last January President Roosevelt emphatically and almost defiantly challenged the Members of Congress to repeal any of the New Deal legislation. He was aware of his overwhelming majority in both Houses, but had forgotten the Supreme Court. With ferocity in his eyes and bitterness in his voice, he gave us to understand that the New Deal "would not retreat but would advance." Yet, 1 month later, the New Deal had retracted and the President had to swallow his own Adam's apple when he sent a special message to the House asking the Members of Congress to repeal the Cotton, Potato, and Tobacco Control Acts, which his administration had previously urged the very same Members to enact into law.

Notwithstanding this sad and costly experiment, the present administration is determined to resurrect the A. A. A. Already two bills have passed this session of Congress since the invalidation of the A. A. A. by the Supreme Court which will in some degree carry out the purposes of the original act—one is the Soil Conservation Act, which is a masquerade, and is, in reality, a crop-control act, and the other is the tobacco-control bill. Both of these acts are bad and vicious legislation, enacted over my vigorous protest, for they turn over to Czar Wallace complete authority to regulate in his omnipotent, infallible, impeccable, and flawless wisdom not only the growing of tobacco but will establish a dangerous precedent leading to the control of every crop in every section of this country, setting class against class and section against section. Both acts, in my opinion, are a subtle mixture of subterfuge and sophistry and a deliberate and insidious attempt to circumvent the adverse decision of the Supreme Court of the United States on the old A. A. A. law.

Any farmer who thinks he desires the resurrection of the A. A. A. should study carefully the comparative figures on imports and exports for 1934 and 1935 on a number of the foremost agricultural products, as follows:

	Imports		Exports	
	1934	1935	1934	1935
Fresh beef ..... pounds	140,474	8,584,114	19,411,017	10,499,421
Fresh pork ..... do	127,746	3,922,609	36,757,287	10,208,198
Wheat ..... bushels	7,736,532	27,438,870	19,968,589	232,965
Wheat flour ..... pounds	203,235	2,611,069	[1] 4,163,325	[1] 1,003,132
Corn ..... bushels	2,959,256	43,242,296	2,987,419	177,382

[1] Barrels.

And be it always remembered that before the farmer receives his check or any benefit he must first surrender his liberty and submit to the arbitrary control of the Secretary of Agriculture.

Many people believe that President Roosevelt will be reelected, partially because of his winsome smile, his mellifluous voice and entrancing personality, because his sweet phrases and honeyed words have captured many silly sentimentalists; but more particularly because of the expenditure of enormous funds which Congress, much to its shame and lasting disgrace, wrongfully turned over to him. In the Seventy-third Congress the President was given $3,300,000,000, while at the first session of this Congress, because of pressure from the White House and other sources, he was voted $4,880,000,000, ostensibly for relief, but in reality to use as a slush fund. I was honored by my Republican colleagues over a year ago by being chosen in caucus to lead the fight on the floor of the House against this huge sum of money being turned over to the President without any strings to it or earmarks upon it; but with more than 3-to-1 Democratic majority, it passed the House under gag rule and with very little debate. What has occurred since then every person here and every person in every American community knows. When the truth is fully known and the history is accurately written, the foul and rotten mess called relief will stink to high heaven and the whole dirty business will go down as one of the blackest pages in American history. The poorest and neediest of our people have not received the help they deserve, while the white-collar political parasites have fattened off the taxpayers. Discrimination and favoritism have been shown on every hand, and, for the first time in political history, public funds have been used for political purposes and employed to build up a gigantic machine in every precinct and township of every city and county in the United States, that the American people might be bribed with their own money in order to perpetuate in power the present ignoble crowd of destroyers.

The wild, wasteful expenditures of the past 3 years on temporary and useless projects, on boondoggling activities of inefficient and irresponsible parties, has no justification in law, precedent, or morals. We have encouraged indolence by rewarding idleness, and are in danger of fostering a generation of beggars and mendicants. Before many people in the remotest corner of our Republic build a chicken coop or repair a fence they first write to their Representative in Congress to see if there isn't some New Deal agency or appropriation which will pay the expense of it. Everywhere there is an attitude of "give me, give me, give me", and a feeling on the part of many that the Government is separate and apart from themselves. There are too many grown-ups who do not yet realize that they, themselves, are the Government, and that the only place Uncle Sam can get any money is out of their pockets. No government can give to its people anything it does not take from them.

Many people are now helping to pay the bill without realizing it in the increased cost of living. Most taxes are not direct, but are invisible, and today we are taxed from the cradle to the grave. The sheets and blankets under which you slept last night, you were taxed for, you paid a duty on your tooth paste and shaving cream this morning, the shoes on your feet, the hat on your head, the automobile you drive, the gas and oil you put in it, your ticket to the movies, the cigarette you light—on all these things and a thousand other commodities you are taxed, taxed, and taxed again. Not only is there a tax on the bacon and bread you will eat today, but your wife's cosmetics, furs, and jewels, if she is lucky enough to possess them, are all taxed 10 percent, and when you fish, hunt, play tennis or golf, don't forget that you pay a tax on your gun, rod, club, and racquet.

At the present time we have a monstrous tax bill being debated in the House, which no Member of Congress understands but which is supposed to raise more than $800,000,000 annually. Many of us believe it will destroy corporations, large and small, and will wipe out the investments of stockholders. Of all the loosely drawn, intricate, and ambiguous pieces of New Deal legislation, this is

the most vague, indefinite, and uncertain. It will make good business for barristers, but the most expert Philadelphia lawyers would be unable to comprehend the meaning of such a jargon of unintelligible words. It would require an Einstein to understand the table of logarithms included in the bill, which was written by one of the "brain trusters"; and though it is estimated this measure will raise a little less than a billion dollars, President Roosevelt proposes to ask Congress to turn over to him before we adjourn this session an additional $1,500,000,000 for relief purposes. If money can buy an election, we do not have to wait until November to know what the results will be; but for myself, I have not lost all faith in the intelligence, character, and patriotism of the American people, and I am confident that at least the 300,000 native-born Americans in my district cannot be bought and sold as cattle and will never barter away their liberties.

In the name of philanthropy President Roosevelt and big Jim Farley are "playing politics with human misery." Under the guise of helping the people, these men, drunk with power and greedy for more, through the well-known practices of benevolent despots, are enslaving the American people. When will this patronizing paternalism cease? It is now only a short step to dictatorship in this country, and, though it is an old saying, it is still true that "eternal vigilance is the price of liberty."

In his speech the other night at Baltimore the President courted the favor of youth. Already this administration has allocated $47,000,000 to be spent in the National Youth Administration, and Harry Hopkins proposes to spend $75,000,000 more in order to win the votes of the young people of our Nation. I do not think that the youth of our country desire to be spoon fed, and certainly they should be taught the lessons of self-respect and self-reliance. They should be made to understand early in life that the best security in the world a man can win is the security he wins for himself, and that when he comes to depend upon another, decay sets in; and that a nation, like an individual, can rise and progress only by its own strength. The spirit of our ancestors still beats in the breasts of our courageous and dauntless youth who want no honors or profits without just competition, and who want to win their own laurels by performance of difficult tasks and rugged duties. Make them the beneficiaries or recipients of effortless jobs or Government doles and hand-outs and we shall soon have a race of softies, incapable of making advancement and unworthy of any noble achievement. The whole philosophy of this paternalistic administration blights the soul, destroys the character, weakens the will, and wrecks the life of individual men and women. Its damning influence will continue for years to come, even if stopped now, and if the policy is sanctioned and continued by the American people then all I can say is "God pity us."

Youth may not realize, but age knows, that the experiences in life remembered are the hard ones and that the greatest satisfaction is derived from the performance of difficult tasks. American youth does not want to be coddled, but will respond to any challenge where arduous effort and stern self-discipline are required. The road of life is covered with sandpaper as much as with velvet, and indeed no normal human being would always want to live the life of ease and luxury. Mr. Roosevelt's clever speech is all the more dangerous because of its adroitness. In his inflammatory manner he incites youth to social revolution by encouraging the ruthless impulses of their perplexed and bewildered minds. In his characteristic way he attempts to drive a wedge between youth and age, as he already has done between capital and labor, employer and employee, creditor and debtor. Perhaps the most dangerous element in his whole mistaken philosophy is the setting of class against class. There can be no restoration of prosperity in this country or any happiness or peace of mind among its citizens so long as such a false philosophy is followed.

What Mr. Roosevelt should have told the American youth gathered at Baltimore was that they, themselves, would be compelled for the rest of their lives to carry the heavy burden which the wild, reckless spending orgy of the New Deal is now heaping upon them. It is not old age but youth that is to be pitied today, because the younger generation and several generations yet unborn will unfortunately inherit this legacy of lunacy and debt. To the young voters of America I would warn that their Government, from the day they become taxpayers until the day they die, will be going down into their pockets to take a part of their weekly pay envelope to pay for the mad follies of this administration. Youth is the innocent but the sure and inescapable victim of the New Deal spending spree. Though Candidate Roosevelt promised the American people economy in government, he has spent as much in 3 years as President as was spent in the first 124 years of our history. No more money was spent from George Washington to Woodrow Wilson, from the adoption of the Constitution to the outbreak of the World War, than has been lavishly scattered and prodigally wasted by the "squandermaniacs" in Washington. After 3 years of extreme and unreasonable experimentation on 130,000,000 Americans, we still have 12,000,000 men out of employment, which is practically as many as when the New Deal was inaugurated. We have more than 20,000,000 people on the relief rolls, and our national debt has been increased from approximately twenty-two to thirty-two billions of dollars, far in excess of what it was at the close of the World War, which, be it remembered, our Democratic friends kept us out of. In other words, after increasing our national debt by $10,000,000,000, we are practically back where we started from, and the end of spending is not yet in sight. What temporary gains were made were due to artificial shots in the arm which have prolonged the malady. The pain is stopped for a while, but the disease lingers on. We will soon have no water left with which to prime the pump. The well is already dry. A false prosperity has been created by spending money we do not have and by placing a mortgage on our children. Our expenditures are now 40 percent greater than our revenues.

This means that regardless of which party wins the election this fall, increased taxes are inescapable unless we resort to inflation, more radical than we now have, which, of course, is repudiation of a solemn obligation. Already the United States Government has violated the sanctity of contract with its own citizenry and is it to be wondered that honest and intelligent people have had their faith in the rectitude and integrity of their Government shaken? Last January the President told us there would be no new taxes, but now he is asking for nearly $1,000,000,000 additional and would ask for much more were there not an election this fall. The uncertainty of the election is the only brake that now holds the President in check. Return Roosevelt to the White House and grant sanction to his dangerous policies and this Nation will be confronted with bankruptcy if not anarchy. There are only two things that can be done about a debt—one is to pay it, the other is not to pay it. If the debt is paid, naturally taxes will be greatly increased, and if there are no additional taxes, the debt will be repudiated by printing-press money.

I fully realize, as do you, that the world is now going through one of its periodic transitions. It is only natural, logical, and inevitable that following a catastrophe of such gigantic magnitude as the World War we should be compelled, as every other participant in that savage struggle that exacted such a toll in life and property, to make certain social and economic readjustments. Being a young man, I have no fear of new theories, and I am not afraid of experiments so long as they are reasonable and carried out on a small scale until their worth is proved. I also know we can never go back to the old order just as it was. New ideas cramp some peoples' minds just as new shoes hurt their feet but not so with me. I know that without change there would be no progress, but I am not going to mistake mere change for progress. Change can be for the worse as well as for the better. That is what has happened under the New Deal.

Though young and still full of the spirit of adventure and willing to take a chance, I am old-fashioned enough to believe with Patrick Henry that the "only way to judge the future is by the past. * * * The only lamp by which to guide our feet is the lamp of experience." Experience is on the side of the Constitution under which we have lived, prospered, and become the richest and happiest people on the face of the earth. For 150 years our American principles and traditions have been tested, and any institution that has lived for a long time has good arguments for its existence. The egoist with colossal conceit can sneeringly refer to the Supreme Court as belonging to the "horse and buggy" days, but that Court has a century and one-half's glorious history back of it, and is the defender of the rights of the people. There are certain principles which are unalterable and eternal. Truth never changes, and the truths enunciated in the Declaration of Independence and the Constitution of the United States are just as true today and just as much needed for the welfare of humanity as they were in the days of Thomas Jefferson and Alexander Hamilton. The principles of Free Masonry are just the same today as they were in the age of King Solomon or George Washington. The cardinal teachings of the Catholic Church are just the same and just as true at this hour as they were at the time of St. Peter or St. Thomas Aquinas. No one would want to repeal the Decalogue simply because it was written by Moses in the stone age. I prefer to follow experience rather than try every wild-eyed and unknown experiment. History is a better teacher than hysteria and much safer to follow. Whatever changes are necessary to bring back prosperity to a distressed, bewildered, and harassed people can be made without destroying the very foundations of our Government by abolishing the Supreme Court or wrecking the Constitution. One does not have to burn down his house to get rid of the mice in the pantry. One does not have to kill his dog in order to get rid of its fleas. In fact, a few fleas are good for any dog—they keep his mind off being a dog all the time.

My fellow countrymen, we have come to the parting of the ways. The issue is clear-cut. Today America stands at the crossroads. One path leads to constitutional, representative government such as we have always known and enjoyed; the other leads to a dictatorship of a European brand. The big question is, Shall America remain a democracy or become an autocracy? The issue is between slavery and freedom. After all, this country is ours, and those who govern us derive their just powers from the consent of the governed. They are not our masters, but our servants, subject always to our will, instead of our being subject to their capricious whims and fancies.

Those who condemn in wholesale manner the past and who have lost faith completely in our modern American system of government; those who are now preaching strange and spurious doctrines imported from abroad, and who would substitute new social theories and a different philosophy from any we have ever known, ask us what program we have to offer. First, let me say that if we had no program at all we should be fully justified, after our painful experience of the past 3 years, to rise up in a body and drive from the seats of the mighty those who are now prolonging this depression, holding the club of hunger over the heads of helpless people in their attempt to superimpose upon them a government totally foreign and altogether un-American. If a father should see his child rush on the tracks before an oncoming train, the first thing he would do would be to stop the child or rescue it

from its danger before sitting down and giving the child a long lecture enumerating the many reasons why it is dangerous to walk on railroad tracks. When a man's house is on fire, he doesn't sit down, draw plans, and figure out a detailed program contemplating just what kind of wallpaper or paint he shall use in the reconstruction and repair of his damaged edifice; the first thing he does is to put out the fire which threatens to destroy his domicile. Today America is on fire and the danger is so great that men and women, regardless of race, party, or creed, should vigorously put an immediate stop to the dangerous, destructive policies of the man in the White House. I believe in pouring the oil where the squeak is, and the big squeak in this administration is none other than Franklin Delano Roosevelt, who is more Delano than he is Roosevelt.

However, the Republican Party will have a constructive program which all America will know about, after we nominate our candidate for the Presidency and adopt a platform at Cleveland. There are 100 men in the Republican Party today who would be far superior in every way to the present leader of the American people. Without attempting to dictate in the slightest the planks that should be incorporated in our platform, I do submit a few suggestions:

In the first place, the Republican Party should refuse to sidestep, pussyfoot, or evade the big issue in this campaign and should wholly and uncompromisingly repudiate the underlying fundamental philosophy and the entire idiotic new social and economic theories of the New Deal. We should pledge ourselves to halt the concentration of power in a Federal bureaucracy and should restore the American system of an indestructible union of sovereign independent States, insisting upon States' rights and local responsibility.

We should cut the cost of government to the bone by actually abolishing New Deal alphabetical agencies and discharging a vast army of political parasites who are not needed for the useless tasks they perform today. We should insist upon balancing the Budget, not so much by increasing taxation but by a drastic reduction in governmental expenditures.

As always in the past we should now insist upon sound money, an honest dollar, establish our fiscal affairs upon a firm and fixed basis, and put an end to the constant tinkering with the currency and the flirtation with inflation.

We should continue to oppose the League of Nations, the World Court, and every movement that would embroil us in foreign entanglements.

We should take politics out of civil service and adhere to the merit system in the selection of Government employees. Since the inception of the merit system, the percentage of Government employees covered by it has steadily grown under every President, reaching a peak of 80 percent just prior to Roosevelt's inauguration. Under Jim Farley's bossism, the percentage abruptly sank to 57 percent. These figures tell the tale.

We should preach a doctrine of plenty rather than scarcity and assist agriculture not by reducing production, since all wealth is the result of production, but give the farmer a moratorium on his indebtedness at a lower rate of interest, reduce taxes on real estate, teach him diversification of farm activities, develop and expand both our domestic and export markets, and give him, as we have given labor and industry, a tariff sufficiently high to prohibit the importation of commodities which can be produced within the confines of our own country.

We should immediately take the Government out of competition with private enterprise and compel the Government in its building program to submit to the same rules and regulations imposed upon private business while completing the work it has already undertaken. Certainly we should not do as President Roosevelt—strangle the life out of business while at the same time demanding that business itself solve the grave problem of unemployment. We should reestablish common honesty and decency in Government by carrying out the assurance that the Government will no longer violate the sanctity of contract, but will keep its word with its own citizens.

We should advocate only a reasonable, workable, and constitutional social-security program embracing old-age pensions, unemployment insurance, assistance to dependent children, helpless cripples, the blind, and maternal welfare.

We should immediately insist that the administration of relief be returned to the various States and local communities. By so doing we should cut the cost of administration in two by discharging the thousands upon thousands of relief authorities who are now drawing good salaries for doing nothing, and the people who are really suffering would receive more than they now get.

We should plead with the American people to remember with some pride the old-fashioned virtues of their fathers; to develop once more the spirit of initiative and self-reliance, and instead of idleness and destruction to practice the homely virtues of thrift and industry.

Above all else, we should affirm our undying faith in the Supreme Court and pledge our lives, our fortunes, and our sacred honor to the preservation of the Constitution of the United States. On different occasions I have taken the oath to preserve, protect, and defend that sacred document. In my present office I have a vow in high heaven to uphold it. So has the President of the United States. I declare unto you, and do so deliberately, that any public official, whether he be potentate or pauper, whether he be President or police judge, who has taken that solemn oath in the presence of God and his fellow countrymen, who has sealed that oath with his lips on the Holy Bible, and who then ignores it or deliberately violates it—that official, regardless of his race, party, or creed, is guilty of treason, deserves impeachment, and should receive the eternal opprobrium of his fellow countrymen. I repeat what I said in this very room last February to the Association of Young Republicans of Missouri at their annual Lincoln Day banquet: "No man is better than his word."

Let us enter this campaign without any hope or expectation of personal gain or reward. What happens to me individually amounts to little; what happens to my country amounts to everything. We shall engage the enemy in battle, not for the sake of winning an election for the Republican Party nor with the intention of defeating the Democratic Party, but as lovers of liberty for all; and as true patriots, let us join hands and heads and hearts as we go forth to preserve America.

YOUNG AMERICA AND THE NEW DEAL

Mr. COLE of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting an address delivered by myself.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CALE of New York. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by me before the thirtieth annual Grant dinner commemorating the birth of Ulysses S. Grant, held by the Unconditional-Capitol City Republican Club and the Young Men's Republican Club of Albany, N. Y., on April 28:

Little persuasion was needed for me to accept your invitation to participate in this gathering. Two impelling reasons caused me to readily consent.

I am especially pleased to be with you tonight because you represent that organization formed over three score years ago to advance the election of Grant as President of the United States, who was to fulfill in a large measure the principles of liberty and equality voiced by the founder of our party, Abraham Lincoln. In this day of such uncertainty for the future of our country, today when there are those who for base, selfish, and political purposes would seek to arouse the hatred of class against class, today when there are some who would violate the sanctity of personal liberty and security, today when there are some who would flaunt the flag of communism and fascism in the face of real Americanism, who would by governmental edict seek to direct and control the lives and activities of all of our citizens, who would usurp unto themselves the legislative powers of the representatives of the people, and who would devitalize our highest Court which is and has been the guardian of the rights of our people today, when there are those who would seek to tear down and destroy those fundamentals of our Constitution that have made us a prosperous, a happy, and a secure people, it is a source of real inspiration to find that the young people of America, and more especially the young Republicans are as active and vigorous in their determination that the principles of Lincoln and Grant should be carried forward and made more secure as were your predecessors in their zeal for the election of Grant himself. I am proud to be with such an organization, it has strengthened my own confidence in our future welfare.

My further reason for quickly accepting your invitation is the opportunity it afforded me to revisit the scenes where I once studied law and learned something about our Constitution. It was here that I first learned of our three branches of Government—executive, legislative, and judicial—and that each of them had very positive, but limited powers. Here, too, did I learn of the inviolable right of a person to be secure in his person, his house, papers, and effects against unreasonable searches and seizures.

In this city did I become impressed with the right of our people to worship freely, to speak freely, and to write freely. And again, it was here that I was taught the mechanics of amending our Constitution, of the very definite and positive way in which it is to be changed if circumstances indicate that a change is needed.

In the past few years, having witnessed at first hand the open violation by the Democratic administration of these fundamentals of our basic law, principles which my father and my forefathers have enjoyed throughout the existence of our Nation, I have become more convinced than ever before that these are the groundwork of the success and happiness of our people and am unwilling that they should continue to be so openly and flagrantly desecrated without some effort on my part and the part of other young people of the country to stem the tide of rising socialism. And so, it is good to be in Albany again, to revisit the scenes of my legal training, and to again become imbued with the spirit that animated the founders of this Republic when they met in solemn sessions to formulate the Constitution.

Being somewhat youthful myself, I feel that perhaps it is not presumptious for me to speak in behalf of millions of young persons of the country, who of late, like myself, have become somewhat bewildered by the political tenets which we have heard mouthed so frequently. We have heard a good deal of the evils of the old order, of the reaction of the "Old Guard", and of the failure of our system to properly and fully safeguard the rights of our people. We have heard much about the Elysian fields of the New Deal, of the "more abundant life" that is assured to each of us, of the "planned economy" that a beneficent government is

going to prepare for us and of the "social rights" of mankind. Those who would seek to offer honest criticism of many of the nostrums of the New Deal and conscientiously oppose the extravagant spending orgy of the administration are named "tories", "reactionaries", or "backers of bloated bondholders." On the other hand, those who are most active and outspoken in behalf of this so-called new order are hailed as being divinely inspired, as a Moses leading the children of Israel out of the wilderness, and the liberator of humanity from the "shackles of entrenched greed."

With all these epithets and encomiums being hurled about us, it is small wonder that the youth of the country, having faith as it does in its fellow man and wanting to believe the things that it is told, is bewildered, confused, and at loss to know which to believe and which to discredit.

Young America has no delusions about either the Old Deal or the New Deal. Those who are honest with themselves, must admit that there have been grave abuses of public trust in the past; that the Government did not as fully take steps to protect the rights and interests of the common person as it might have. True, there were some instances in which the old order might have done better, but that does not mean that the whole American system, which is interwoven as an integral part of the old order, must be relegated into the discard and completely cast aside for this new concept of society that has swept Europe in recent years and has likewise become a component part of the New Deal. We are quite willing that the abuses of the past might be corrected, but we are entirely unwilling that their correction should be brought about at the expense of losing our heritage as American citizens. We do not ask that the hands of the clock be turned backward; but, much as we disapprove of the laissez faire of past days, we would greatly prefer it to the dark days of the medieval ages toward which this administration is rapidly and surely leading us, when man was but a puppet of the state, directed and controlled in all of his commonplace activities by edicts of the Crown, paying annual tribute at exorbitant rates to his overlord for the privilege of a bushel of grain and a hovel in which to sleep.

What is the basis of the charge against the Republican Party that it is dominated by the "Old Guard" and that it is the party of reaction? No one will deny that there are a few persons who have been dominant behind the scenes of our party's affairs for a great many years and who in a large degree are responsible for those failures of our party to fulfill the expectations of our voters in recent years. I speak of those who do not hold public office, but who, under cover of darkness and behind closed doors, gather for the selection of candidates and formulation of party principles. To me they are the "Old Guard", and the sooner they realize that their presence is no longer needed or wanted, the better it will be for the welfare of the Republican Party and of the Nation. It is not necessary to name names; they know themselves and should be ready to step aside while it can be done gracefully. But simply because a person is old and has been a Republican for a great many years and has been prominent in public affairs does not mean that he is a reactionary. Of course, my field in politics has been limited, but I can truthfully say that the Republican Members of Congress who are to my mind conservative to the degree of reaction can be counted on a single finger of a single hand. There may be instances in other legislative bodies and other public offices of persons of our party who are blind to progress; I do not know of them and certainly would not attempt to justify them.

As the youngest Republican in Congress and, but one, the youngest of the entire membership, I am proud to accept as my leader there BERTRAND H. SNELL, who has sat in the Halls of Congress for over a score of years, rendering invaluable service to his party and the Nation, fighting with vigor and determination only those measures of the New Deal that he believes to be obnoxious to Americanism. Surely it cannot be said that he is a reactionary or a Tory or blind to progress. Nor can it be said that he is deaf to the ideas of youth or to their participation in our party's councils, and in this I speak from experience. Never have I gone to him with a problem that confronted me but that he gave me the full benefit of his advice and experience. Never have I asked consideration from him but that he gave it to me without hesitation if he was able. Never has a conference of our party members been called but that the young members were included and given an opportunity to express themselves, and never have any of us been told how to vote. So far as I am concerned, I have no quarrel with the elder Republicans. I realize that we need the benefit of their experience, of their ability and counsel, just as I am convinced that if the Republican Party is to be successful there must be no failure or refusal to recognize the reasonable desires of the young Republican or resentment of his presence in the party conclaves. There is room for both the old and the young, there is a crying need for the presence of both in the management of our party's affairs, and unless cooperation between the two can be accomplished the future of the Republican Party is doomed.

The real difference between the Republican Party and the Democratic Party of today, as I see it, was very tersely spoken by the President in his Baltimore speech of 2 weeks ago when, in speaking of the loss by youth of its enthusiasm and ideals as it grows older, he said, "That is one reason why the world into which they go gets better so slowly." In all the history of the world there has been but one individual who, in the space of 3 youthful years was able to revolutionize the entire land in its moral and social concepts and even then the process of spreading the word of the Nazarene was long, protracted, and arduous, and even in this day, nearly 2,000 years since, the struggle for the existence of Christianity still goes on. Centuries were required to liberate man from the economic serfdom of the Dark Ages, gradually culminating in the formation of the Republic and the conception of our Constitution embodying the rights of the common man against autocracy either of government or of wealth. The world has gotten better slowly, but for the very reason of its slowness the betterment has become certain and more secure and will remain secure if the youth and persons of all ages will hold fast to the fundamentals of freedom and refuse to be carried away by the nostrums of those whose regard of themselves is a blasphemy of the Man of Galilee.

How is the enthusiasm of youth to attain quickly its ideals? No plan is offered to us that will not destroy our fundamental concepts of society. The counterpart of the Chief Executive, in speaking before the students of New York University a few days ago said, "The answer of the old school of economics isn't the one. There must be something else. I'm not here today to tell you what those changes will be because I don't know." Quite characteristic of the whole New Deal are those words, "Something is wrong with the system; we don't know what it is so we will discard the whole thing and try something new, something that we are not sure of but at least it is something different from what you have had."

Before we are ready to take something new we want to know that that something is going to leave us better than we were before. We do not want to experiment with ourselves or with the lives of our children. We want to be sure.

And therein is the general policy of the Republican Party now and throughout its history. It has not been blind to progress; in its conservatism it has waited until the new idea has been thoroughly discussed, completely understood, with the common conclusion that the remedy is sound, before it has taken the step. I am sure that the conservatism of our party, its caution and unwillingness to rush into unknown and untried ventures, no matter how romantic or idealistic they may have seemed, has been largely responsible for the prosperous history of our country and our people. We have no disagreement with the objectives of the President; we, too, would forever banish unemployment, want in reclining years, low wages, unhealthful working and living conditions. Our difference lies not in the objective but in the means of obtaining it. Many of us honestly are convinced that the policies of the past 3 years will defeat the very objectives we seek; that they will produce a less rather than a more abundant life; that honest business does not have a fair chance when government goes into competition with it or seeks to control it. There can be no social security without economic, business, industrial, and financial security, and we now have none of them.

In any fair appraisal of the New Deal it must be regarded not in the light of what it is now, but what it would have been had it not been for the Supreme Court. We must not quickly forget the N. R. A. and the A. A. A., through which the President sought to impose his revolution upon society. These are but two of the prominent vehicles of the New Deal; there are many others that are quietly carrying out their socialistic programs.

And so, when young America looks at the New Deal in its entirety, there is little in it that appeals to any of us who seek to achieve for ourselves the security of the average man. Strip it of its nice words and beautiful phrases and there will be found little to attract the young man whose goal in life is to have a job, a home, and a family, to save his earnings for the education of his children and for the care of himself in his old age, to perhaps rise above the level of his fellow worker if his ability, his ambition, and his enterprise will permit him to be carried to greater heights. The President very appropriately voiced the enthusiasm and ideals of youth when he said at Baltimore, "Your objective is an opportunity to make an honest living; a reasonable chance to improve your condition in life as you grow older; a practical assurance against want and suffering in your old age; and with it all the right to participate in the finer things of life—good health, clean amusement, and a part in the satisfactions of the arts, the sciences, and religion."

No one can take exception to that statement. That is just what we do want. Certainly living off our Government at subsistence wages of $44 per month will not give it to us. Certainly we cannot "improve our condition in life" if, as laborers, we are to be told the amount of our wages, the hours that we are to work, and that our chance of promotion is slight, or, as farmers, we are told where and what we are to sow and when and for how much we are to reap and sell our crops. Certainly we cannot "assure ourselves against want and suffering in our old age" if, as businessmen, we have the fingers of government continuously about our throat and are taxed to the breaking point to support the wanton, reckless, and profligate spending that all these experiments are costing. Certainly there is little incentive for any of us to work hard and to be thrifty, to make an honest living, when we are told that one out of every six persons in the country is in the employ of some government and that we are supporting them to the extent of 25 cents of every dollar that we earn.

Jobs are what we want, and not relief nor governmental paternalism. We know that industry cannot employ us so long as its activities are circumscribed by the strangle hold of an autocratic government and its lifeblood sapped by the exactions of a spendthrift but greedy rulership. It is only through private business that we can hope to get the kind of a job that will give us the things we want, but private employers, already burdened and restricted with handicaps of the New Deal legislation, are justly fearful of what new restraints may be placed upon them by this

administration. Industry is anxious to employ us, but it cannot add employees unless it can afford to pay them, and it cannot afford to pay until it is given an opportunity to make profits. Unemployment can never be corrected by government, only private industry can do that, no matter how many billions are spent by the Government in the attempt. Let government give business more than a "breathing spell"; let it go ahead and work out its own problems and become strong and healthy before it is again rolled into the operating room for further experimental mutilation. No one will deny that it is the duty of government to regulate business for the protection of the investor, the laborer, and the consumer, but a tyrannous interference with private enterprise can only end with disaster to us all.

The young man does not ask for much in this world. All we want is the same equality and the same opportunity to work and to save that our forefathers had. We do not want to be cut all according to the same pattern, as is the inescapable result of a regimented business. "Planned economy" and "governmental paternalism" may give us a little finer clothing, a little more food, and perhaps a nicer place in which to live, but all that will not be worth the sacrifice we must make. Rather would we be content with scanty clothing, meager food, and an humble home and know that the opportunity lies before us to rise to whatever heights our ambition, our self-reliance, our enterprise, and our thrift and ability may carry us than to have these finer things furnished us by a benevolent government but bought at the price of a broken morale, a stifled initiative, and a blurred vision.

Not only is the outlook dismal for those who seek employment but also for those who are fortunate enough to have a job when we consider the tremendous cost of all this New Deal experimentation and realize that some day we must foot the bill. When the New Dealers took over the Government in 1932 the national debt was approximately $21,000,000,000, but when they leave it at the end of this year it will be over $40,000,000,000. Year after year billions more were spent than were collected in taxes. In these days of mathematical hieroglyphics the meaning of a billion dollars has moved into obscurity. Reduce the term to minutes and you will perhaps a bit more readily understand the gigantic proportions of the word. The debt which Mr. Roosevelt will leave behind at the end of his first term has been increased by him to the extent of $20 for every minute since the birth of Christ and over $250 for every minute since our Government was created 150 years ago. To express it a bit differently so that we may fully appreciate what has happened, for every family in the United States Mr. Roosevelt has added the burden of paying over $600 more than that family was obligated to pay when he became President. This is what the New Deal has cost each one of us who is the head of a family, and this in spite of new taxes and increases in the old. It is the equivalent of a mortgage upon our home, our car, our savings account, our insurance, and our wages for all time in the future until the debt is repaid. The burden of repaying the debt does not rest upon the shoulders of those who are now doing the spending or benefiting by the money being spent, but will be borne by the young America of today and their children and grandchildren. Over a decade was necessary to reduce our national indebtedness by $12,000,000,000; by the same token scores of years must pass before this great burden is turned aside. The thrift and saving and hard work of all must be called into action. But we must not forget that we have obligations to others besides our Government. We have families, children to feed and clothe, to educate, and to establish in business or some other means of livelihood, and someday we, too, will be old and perhaps in want.

We do not object to the Government's caring for those who are in need and at the same time are unable to obtain employment. We are quite willing that they should be cared for, and believe that such is the duty of Government, but we are entirely unwilling either that the resources of the country should be enlisted to create and encourage a horde of people to continue to be dependent upon their Government so long as the flow of funds continue or that the Nation's wealth should be used to entrench any political party in the seats of government. Entrenched greed in business or industry, to us, is no different than entrenched partisanship. If the New Deal were guilty of no other violation of public trust deserving its ouster at the polls next November, the fact that it has used, and admittedly so, the moneys of the public designed for relief for the advancement of the cause of "new dealism" merits for them immediate ejection. Surely no fair-minded citizen, however partisan he may be, will permit such a flagrant abuse of public trust to continue.

Probably we would not have justification for complaint against the wanton and wasteful spending of our money if it were shown to have done some good and had in some measure corrected the evils against which they were directed. When the administration came into power the unemployed were numbered at some eight or nine million; today that number has swollen to over 11,000,000, and over 22,000,000 of persons are on relief. Spending the public moneys has not solved the problem, nor has regimentation of business and agriculture done it. There can be but one answer: Turn back to the States and the several localities the responsibility for caring for the needy and give business a chance to repair its own leaks that it may of itself absorb the unemployed.

If the Nation weathers the crisis now confronting it, the Constitution and the Union of States will be stronger than ever before. I have confidence that the American people inevitably will decide the right if they have all of the facts before them. Those who are on the paying end of the New Deal outnumber those on the receiving end, over three to one, and if the payers will combine their efforts and act together, the rescue can be made absolutely certain. It is our duty as young Republicans to not only acquaint ourselves of the true nature of the New Deal but to actively see that that information is passed on to others who might not know it. We must take an increased devotion to the cause of human freedom, individual liberty, and American civilization and pledge ourselves to complete the unfinished work remaining before us that we may hand down to our children's children the priceless heritage bequeathed to us. To those who would wreck the American system, let us say, "Thou shalt not destroy enterprise, ambition, and opportunity; thou shalt not crucify initiative and genius upon a cross of regimentation; thou shalt forever keep the gateway open to the youth of America."

PROGRESS AND DEVELOPMENT IN WATERWAY IMPROVEMENT

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to extend my own remarks by inserting in the RECORD a speech by General Markham, Chief of Engineers, before the Rivers and Harbors Congress.

The SPEAKER. Is there objection?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by General Markham, Chief of Engineers, United States Army, before the National Rivers and Harbors Congress, April 27, 1936:

Mr. President, ladies, and gentlemen, it is again a privilege to appear before the membership of the National River and Harbor Congress and to describe briefly the progress and developments in waterway improvements since your last annual meeting. It is gratifying to appear before your Congress, as its influence has ever been progressive in the development of a comprehensive and intelligent permanent policy and improvement program for the utilization of our national water resources in the interest of the people as a whole.

During the past 3 years, with the exception of an item of $10,000,000 provided in the second deficiency appropriation of 1935, the funds for new work on river and harbor improvement have been provided entirely from the several emergency appropriations, and the regular departmental appropriations have been for maintenance operations only. These emergency funds have permitted an augmented program which has made possible the accelerated rate of progress in the completion of authorized projects. They have totaled $483,000,000, and have provided for the average direct employment of 55,000 persons, and for the indirect employment of at least that many more. In addition to the emergency funds, approximately $128,000,000 has been made available during the same period from regular appropriations for maintenance operations, making a total of $611,000,000 in 3 years, or more than $200,000,000 per year. The total water-borne commerce of the United States averaged more than 414,000,000 tons annually in the period.

We are particularly pleased that permanent worth-while improvements have been accomplished with these funds which, at the same time, have provided a substantial measure of employment relief, and have been of effective aid in stimulating the heavy construction industry.

We have recognized the desirability of undertaking our operations by contract whenever practicable and when satisfactory prices could be obtained. In spite of the difficulties in undertaking relief work by contract to meet the requirements of the relief program, we succeeded in preparing a form of contract for such work, with the approval of the Works Progress Administration, which has enabled the major portion of the relief work entrusted to our Department to be successfully executed by contract. In obtaining exemptions for certain skilled positions, and other minor adjustments necessitated by the relief requirements, we have had the full cooperation of the Works Progress Administration. During the past year 66 percent of the new work on river and harbor improvements was undertaken by contract, as compared with 34 percent with Government plant and hired labor. This represents almost a direct reversal of the percentage which obtained some 20 years ago which has been made possible by the cooperation of the contractors and their willingness to meet the requirements of the Department and at the same time to submit reasonable bids for the work in view.

The exigencies of the relief program during the past year again necessitated the prompt advertisement of work to provide immediate employment.

Many important projects were completed, to include the Delaware River from Philadelphia to the sea; the final completion of the last link in the intracoastal waterway along the Atlantic coast providing 1,360 miles of protected inner passage for small boats from the Delaware River to Miami, Fla.; the 25-foot channel in New Haven Harbor; the Raritan River to Arthur Kill Cut-off Channel in New York; the 32-foot Houston Ship Channel; and the Brazos Island Harbor entrance channel. Substantial progress was achieved at Boston Harbor; in the completion of highway and railway bridges across the Cape Cod Canal, and the enlargement of the canal dimensions; the improvement of the New York State Barge Canal; the New York and New Jersey Channel; the extension of the Delaware River improvement to Trenton; extension of the canalization project on the upper Mississippi River; the completion of the stabilization works on the Missouri River practi-

cally to Omaha; the replacement of six old dams on the Ohio River by two high dams with movable crests located at Montgomery Island and at Gallipolis; the extension of the breakwater at Los Angeles; the improvement of Tampa Harbor, Fla.; and a number of other important projects urgently needed in the interests of navigation. The upper Mississippi River improvement has advanced to a point where 3 years should witness its full completion; the Bonneville Dam on the Columbia River is well ahead of schedule. There has been no period in our history which has witnessed a comparable attainment in the development of our rivers and harbors.

During the next fiscal year there will be a return to the established system in which the new funds for river and harbor improvements are to be provided from the annual War Department appropriation. This will permit the selection of work to meet the urgent needs of navigation without prime importance being given to relief requirements, although, of course, that factor must be taken into consideration in the allocation of funds. It is understood that the conferees have agreed on a total appropriation of $161,670,899 for the preservation and maintenance of existing navigation works and new improvements, of which $115,000,000 will be available for new improvements. A large portion of those funds is required for the continuation of work now under way started with funds from the relief appropriations but not utilizable in its present condition. A small balance will be available to start work on new projects, and should suffice to meet the more pressing needs of navigation. The maintenance funds appear sufficient, with rigid care, to maintain project dimensions as required in the interests of commerce. Until the appropriation is definitely established the program for the next fiscal year cannot be definitely prepared, but its preparation will be governed by the requirements of navigation.

The Emergency Relief appropriations have also provided funds for a small number of flood-control projects to include the continuation of work on the Mississippi River and on the Sacramento River, authorized by Congress; a comprehensive program in the Muskingum conservancy district under cooperative agreement with that district; the construction of the joint navigation and flood-control dams at Fort Peck on the Missouri River, and near Grafton on the Tygart River; the Conchas Dam in New Mexico; the Sardis Dam in Mississippi; and a number of small levee and dike projects which were found to meet the requirements of the relief program.

The tremendous increase in flood damages throughout the United States which has inevitably resulted from the industrial development of our river basins, and the growth in population with corresponding increase in land values, has created a strong sentiment throughout the United States for participation by the Federal Government in flood-control work.

The Constitution of the United States has conferred on Congress the power "to regulate commerce with foreign nations and among the several States and with the Indian tribes." In the early days of the Republic, there was serious doubt whether this power to regulate included the right to improve, but the enlightened decision of Chief Justice Marshall in the case of Gibbons against Ogden established clearly and indubitably the exclusive power of Congress with respect to the interstate waterways of the country, and marked the birth of a permanent Federal policy of river and harbor improvements which has been expanded and more clearly defined from year to year with the advance of population and the increasing need for commercial transportation.

While the Constitution clearly gives Congress the power to authorize the National Government to improve waterways for navigation and interstate commerce, it has not been determined that the Government has responsibility for constructing flood works generally, and a Federal policy with respect thereto has never been enacted legislatively, although Congress has authorized the construction of protective works in certain specific cases to include the Sacramento River, the Lake Okeechobee project, and the Mississippi River project. Public opinion, now realizing the magnitude and extent of flood losses, appears to recognize that destructive floods, together with contributory conditions of land misuse, erosion, and accelerated run-off of rain water, the resulting siltation of streams and reservoirs and impairment of the navigability of rivers, which combine to upset orderly processes and to cause losses of life and property and the destruction of national resources, constitute a menace to national welfare. A strong public demand has developed for flood-prevention measures and the coordinated control of erosion and run-off to ameliorate soil erosion and to conserve water resources.

The investigation and improvement of rivers and other waterways by the Federal Government for flood control and other purposes are under the jurisdiction of, and are prosecuted by the War Department. Coordinate studies and construction activities on drainage basin lands and small headwater streams, including the construction of small ponds and check dams involving incidental flood control, but primarily for the purpose of silt control and soil and water conservation, are under the jurisdiction of, and are prosecuted by the Department of Agriculture.

There has been in the past no conflict, nor is there any occasion for conflict in the future, in the execution of the works charged to the two Departments. The theory has been advanced that a large number of small dams forming reservoirs with minor storage capacity far up on the headwater streams, together with check dams still farther up such headwater streams, will form a substitute for the major structures and great impoundments proposed for the control of floods on major streams. Headwater structures are of great utility in the conservation of soil, in reducing minor floods, and in subsidiary benefits to include the reduction of siltation in major reservoirs. However, they would not prevent the cataclysmic floods which have so dramatically impressed themselves on the country at large during recent months. This great downpour of waters may be controlled only by major engineering structures providing great impoundment areas, or by the construction of suitable works for the direct protection of definite areas.

The investigation developed by the War Department in its surveys authorized by Congress have found some 1,600 waterway projects, with a total construction cost of $8,000,000,000, including approximately 600 flood-control projects, with a construction cost of $1,160,000,000. More than one-half of these projects would not appear economically warranted at the present time, in that the estimated construction costs exceed the benefits derived therefrom. In many projects the advantages which would result from their construction accrue to the people in the immediate vicinity, and it would certainly appear that a proportion of their expense should be borne by the interests immediately benefited. Where localities directly benefited by remedial works cannot meet in full the cost of such works, the Federal Government might well participate generously. However, complete responsibility for such protection should not be placed on the Federal Government. We shall always have flood and drought, heat and cold, earthquake and wind, lightning and tidal wave, which are all too frequent in their afflictions. The Government cannot be an insurer of its citizens against the hazard of elements and cannot undertake to reimburse them for loss and damages incurred under such conditions, although it is chargeable with the rebuilding of public works and the humanitarian duty of relieving its citizens from distress.

General flood-control legislation is now receiving the consideration of Congress, although the policy of Congress with respect to the participation of the Federal Government has not as yet been indicated. It does seem axiomatic that States and other local authorities should supply all lands and assume financial responsibility for damages that may result from the construction of flood-control projects. It would be a far-reaching precedent for the Government to buy the land and property requisite for protective works to the end of increasing the value or security of the private lands and properties to be protected and most inadvisable for it in generously helping a given section of the country to render itself liable for consequential damages. There are many Federal activities which contribute to the general welfare of the country through the improvement of lands and streams which are more or less distinctive in character and are now being planned or prosecuted by a separate department or agency of the Government. Most of these activities differ to such a degree in their conception and their prosecution as to require very little coordination between the several agencies to make them effective and efficient. The Army Engineers of the War Department are concerned with public improvements for direct and immediate control of floods which may be accomplished by the construction of levees, the enlargement of the discharge capacity of the natural channels, the provision of means of escape by diversion from the main channels into emergency channels or excess flood waters, and the construction of reservoirs to withhold from the natural channels in excess of their discharge capacities these flood waters. General plans are available for projects for the direct control of floods over the United States, costing more than any amount which can reasonably be devoted to that purpose, including the rivers and localities where the recent devastating floods have caused such damages and disorders as to attract widespread public attention. Our organization is prepared to initiate and prosecute vigorously any flood-control measures which may be authorized by the Congress as the necessary funds are provided.

COINAGE OF 50-CENT PIECES COMMEMORATING ANNIVERSARY OF ADMISSION TO UNION OF STATE OF ARKANSAS

Mr. TERRY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 11688) providing for a change in the design of the 50-cent pieces authorized to be coined in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union.

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

Mr. WOLCOTT. Mr. Speaker, I object.

Mr. TERRY. Will the gentleman reserve his objection?

Mr. WOLCOTT. I will withhold the objection.

Mr. TERRY. I hope the gentleman will not object to this bill being taken up now. It is for a 50-cent piece in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union. The celebration begins on the 2d of June. It is imperative that action be taken at this time, and I hope the gentleman will withdraw his objection.

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

Mr. RICH. Reserving the right to object, I will not object to this bill, but this is about the fifteenth bill coming in here

authorizing the coinage of coins. It seems to me the administration should get these all together and do it at one time. It would save a lot of the time of the House.

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

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Director of the Mint, with the approval of the Secretary of the Treasury, is authorized and directed to provide for a series of not more than three different designs of to be placed on the reverse side of the 50-cent pieces to be coined in accordance with the provisions of the act entitled "An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union", approved May 14, 1934.

The United States shall not be subject to the expense of making the necessary dies and other preparations for such coinage.

With the following committee amendment:

Page 1, line 5, strike out "a series of not more than three different designs of" and insert "one additional design of not less than twenty-five thousand."

The committee amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to extend my own remarks made earlier today on the war-minerals bill and include certain excerpts from the hearings.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

MARINE CASUALTY INVESTIGATION BOARD

Mr. BLAND. Mr. Speaker, by authority of the Committee on Merchant Marine and Fisheries, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8599) 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, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The Clerk read the title of the bill.

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

Mr. RICH. Mr. Speaker, reserving the right to object, is this new board that is to be created going to cost anything?

Mr. BLAND. I do not recall the cost. This bill passed the House at the last session. It is one of the safety-at-sea measures and provides for the reorganization of the Steamboat Inspection Service.

Mr. RICH. What is the new commission? Is that for the purpose of handling this reorganization?

Mr. BLAND. No. The bill changes the name of the present Bureau of Steamboat Inspection to that of Marine Inspection. The bill provides for traveling inspectors and also for a Marine Casualty Board where there are accidents.

Mr. RICH. Does it set up a new commission for that purpose?

Mr. BLAND. The Senate bill set up a permanent board. The House bill provided boards to investigate casualties as they arose.

Mr. RICH. Just remember that is another Democratic board.

Mr. BLAND. That is all right; we will remember what the Democrats do.

Mr. KENNEY. Mr. Speaker, reserving the right to object, does this bill affect radio operators on steamships?

Mr. BLAND. As amended by the Senate they are not affected. In the bill that passed the House they were brought under some regulation; I do not remember just what.

Mr. KENNEY. Mr. Speaker, I object.

THE ROBINSON-PATMAN BILL

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my remarks by printing in the RECORD an address delivered by the junior Senator from Minnesota, Senator BENSON, on the subject of the Robinson-Patman bill over a Nation-wide radio hook-up on the evening of April 25 last.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KVALE. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address by Senator ELMER A. BENSON, of Minnesota, made over the National Broadcasting Co. network on the evening of April 25:

I hope to speak tonight to an audience representative of this Nation's producers, consumers, and independent distributors. I feel that the farmers who produce the necessities of life, the consumers who buy, and the independent merchants who sell the necessities of life, and who are a vital part of the communities which they have helped to build, have a common interest in the passage at this session of Congress of the Robinson-Patman bill. In order that my discussion may be clear, in the few minutes allotted to me I want to ask and to answer these questions:

What is the merchandising situation in America, and how does that situation affect the producers, consumers, and independent merchants? What is the Robinson-Patman bill? Is it an anti-chain bill, or a chain-store tax bill, or simply an antitrust measure? What will the bill do if enacted into law? What evils will it cure? How do the trade practices that exist and the remedies this bill provides affect the producer? How do they affect the consumer? How will this bill affect the independent merchants and the cities, towns, and villages they have helped to build?

Let's deal first with the merchandising situation in America. The great majority of manufacturers, processors, brokers, cooperatives, and independent merchants in this country are comparatively small independents, without spokesmen through any powerful lobby, and with no voice except through their own respective trade associations.

There are 5,000 large wholesalers in this country. There are 750 large and powerful chain-store systems. In all there are 7,061 chain-store organizations.

Seventy-five percent of the retail business done in America is done by the independent retailers, so 75 percent of the wholesalers and brokers and manufacturers are dependent upon the success of the independent retailer for the successful sale of their products.

There are over 50,000 manufacturers, processors, canners, packers, refiners, and converters. There are over 1,500 large general food brokers. There are 5,000 large wholesale grocers in 2,200 distributing centers. There are 1,544,000 independent merchants throughout this Nation facing extermination and 3,870 chain-store owners doing the exterminating.

The owners of these chain stores, that do less than one-fourth of the Nation's retail business, have thrown a smoke screen about the controversy over the Robinson-Patman bill. They have tried to make the Nation's consumers believe that the recipients of unfair price discrimination are the people of the country and that you as consumers get the benefit of the chiseling done among chiselers.

Let me quote some facts from the last complete United States retail census. In 1933 the independent merchants of America sold at retail $18,000,000,000 worth of goods. The chain stores of the country sold a little over $6,000,000,000 worth of goods in 1933, and the $6,000,000,000 that was paid by American consumers to chain stores represented 25 percent of all of the retail business done in the United States. That 25 percent of all of the money spent by the American people over the counters was headed into pockets of a few people in the large centers of population who own and dominate the chain-store systems. I did not say it all went into their pockets, but the profit on it did.

The 75 percent of the business that was done by independent merchants was shared by 1,500,000 proprietors of 1,349,337 stores. The 25 percent of the business that was done by the chains was done by 141,000 stores and shared by only 4,000 proprietors. On that 25 percent of the Nation's business they made a gross profit of over 26 percent. In my home State of Minnesota 30,416 independent merchants did a business of $450,000,000 in 1933 and 2,881 chain stores did a business of $103,000,000. Now, let us look to the trend of trade and industrial practices today.

This trend is for the manufacturer to make just enough of any commodity so that, under the mockery of an artificial law of supply and demand, he can sell this limited supply of the commodity at a padded price that will bring to him for the smallest investment and factory operation the highest and most exorbitant profit.

What is the eventual end of such a trend in such a system? The manufacturer will buy, not all that the country can produce but just enough of what the country can produce to provide just those articles that he will be able to sell at an exorbitant price. Then, because of his limited output, he will create an artificial scarcity. Because of this artificial scarcity, he will call upon the inoperative law of supply and demand as an excuse to raise his price beyond the reach of the common man.

The wealthier few who can pay the exorbitant prices that result from the artificial scarcity will make him more money operating his factory a quarter of capacity than he could make if he operated it at full capacity, produced four times as much, employed four times as many men. The farmer, the producer, will have no place to sell the things he produces, because the majority of workers will have nothing with which to buy them.

The vast majority will have no place to work to make the money to pay for things to wear and eat, and the vast majority of farmers will have no place to sell the things they raise. This is the philosophy of the favored few and the philosophy of chain-store practices. These practices are only an example in this trend of our economy of scarcity.

The vast chain-store enterprises in this country represent seven or eight billions of dollars. They are consolidating in the hands of a few a wealth far greater than the entire outlay of the United States Government for the relief of one-fifth of the Nation's population. These chains are today conducting a united and organized lobby, virtually as powerful, and surely as sinister, as was the notorious utility-holding-company lobby that was exposed in the last session of this Congress.

These chain-store interests and this chain-store lobby have set out to defeat the Robinson-Patman bill by two major pieces of trickery. First, they are attempting to arouse the consumers of this country to bitterness and antagonism toward the independent merchants who are their neighbors and friends, and who so often have been their patient creditors. They have tried to sell these consumers on the idea that the Robinson-Patman bill will increase the prices they pay for the necessities of life. Permit me to say that it is as brazen a falsehood and as contemptible treachery as has ever been attempted by any lobby, because it seeks to aline friend against friend so that a few millionaire chain-store magnates may reach into the consumers' pockets for a few more dollars.

Second, the chain-store lobby has sought to convince the public of this country and the Congress that the bill puts a penalty on efficiency and seeks to eliminate competition. In other words, that it seeks to restrain artificially the progressive merchandising methods of chain stores and mail-order houses for someone's selfish protection.

The chain-store interests launched their attempt to fool and trick the consumers of this country along about the first of March. They flooded the country with propaganda charging that enactment of the Robinson-Patman bill will cost consumers of the United States $750,000,000 a year. This is a contemptible misrepresentation.

It is as contemptible as their closely allied efforts to sell the public on the idea that this is a bill to increase prices by increasing chain-store costs of operation. This bill does not put a penalty on efficiency.

It puts a penalty on crookedness.

It does not penalize any person or corporation, whether that person or corporation be a chain store, a mail-order house, a manufacturer, a wholesaler, or an independent merchant. I should have said it does not penalize any of them if they play square.

The Robinson-Patman bill is just what it is entitled. A bill to establish and require fair trade practices in merchandising. It provides no special privileges for the independent merchant that would be denied the multimillionaire operators of vast chain-store systems. It places no added burden on multimillionaire merchandisers, but it does outlaw robbery as robbery is now practiced by some of those merchandisers. It levies no tax on any store of any kind. It only guarantees to the independent and unorganized merchant the same rights that are accorded by some manufacturers to vast chain-store systems.

The Robinson-Patman bill does not compel any manufacturer or wholesaler to charge any higher price for any article to any chain-store system, but it does compel that seller to quote the same price for the same quantity to every independent merchant buying under the same conditions.

As the author of the bill, Congressman WRIGHT PATMAN, himself so clearly put it, under the Robinson-Patman bill a factory cannot sell 25 percent of its output to a chain-store corporation at a lower price than it charges independent merchants who buy the other 75 percent of that output.

Congressman PATMAN, using the chain-store propagandists' own figures, aptly cited that, if chain stores, doing 25 percent of the retail business in this country, can save American consumers $750,000,000 a year, then independent merchants, who do the other 75 percent of the Nation's retail business, can save the American consumer two and a quarter billion dollars a year when they receive the same price that the chain stores now receive through cheating rebates and chiseling subsidies.

The chain-store lobby is trying to tell you that a bill to require fair dealing will hurt the consumer. They might as well tell you that your electric-light rates would be lower if one vast utility combine controlled all the light plants in America. They might as well tell you that you would pay less for canned goods if one New York multimillionaire controlled all of the canning plants in America.

The Robinson-Patman bill protects the independent businessman and promotes individualism, and guarantees equality of opportunity, and encourages local ownership and control of business because it prevents monopoly. It operates the same as does any other antitrust act, and prohibits rebating and knocking off of millions of dollars to favorite merchandising combines, that must only be charged on to the bill of the less-favored merchant and unprotected retailer.

In 1 year one grocery chain-store corporation is reported to have received $8,000,000 in secret and confidential rebates, discounts, advertising allowances, and brokerage. Over half its net profits were obtained in advance by the rebate and discount methods of buying.

In 1930 this Wall Street chain store operated over 15,000 stores—an average of 5 stores per county for each of the 3,000 counties of the 48 States. It did a business that year of over $1,000,000,000—nearly 10 percent of the national food business of the United States. If that isn't approaching monopoly, I do not know a monopoly when I see it.

A special report of the United States retail census, a part of the census of American business, presents an analysis of the 1,526,119 stores enumerated in 1933 by types of operation, and plainly shows the trend toward monopoly by comparison with the figures for 1929.

The following summary table shows the number of stores and sales, by types of operation, in 1933 as compared with 1929:

Comparison of retail stores, by types of operation

Type	Number of stores		Percent change
	1933	1929	
United States total	1,526,119	1,543,158	−1.1
Independents	1,349,337	1,375,509	−2.0
Chains	141,603	148,037	−4.3
Direct selling	7,026	1,661	+323.0
Mail order	311	271	+15.0
Commissaries	2,719	1,347	+101.0
Utility-operated	4,127	4,053	+1.8
Other types	20,996	12,280	+71.0

	Sales (in thousands of dollars)				Percent change
	1933	Ratio	1929	Ratio	
United States total	25,037,225	100.0	49,114,653	100.0	−49.0
Independents	17,826,562	71.2	38,081,504	77.5	−53.2
Chains	6,312,769	25.2	9,834,846	20.0	−35.8
Direct selling	187,368	.7	93,961	.2	+99.4
Mail order	244,381	1.0	515,237	1.0	−52.6
Commissaries	95,578	.4	115,583	.3	−17.3
Utility-operated	76,079	.3	163,371	.3	−53.4
Other types	294,488	1.2	310,151	.7	−5.0

Shown for each type, in addition to the number of stores, are data covering volume sales, the number of proprietors, number of full-time employees, amount of pay roll, average annual earnings of full-time employees, and total reported expense. The latter is exclusive of any compensation or return for the services of proprietors engaged in their own stores, usually in lieu of employees.

In 1933 there were 26,000 fewer independent stores and 6,400 fewer chain stores than in 1929. On the other hand, there were 5,400 more direct-selling (house-to-house) retailers, 40 more mail-order houses, and about 10,000 more stores of other types, including leased departments, cooperatives, etc.

Discrimination against dealers is so extreme that thousands of dealers, we are told, are driven out of business. The strangle hold of these special privileges and sundry species of rebates is so complete that even half the competing manufacturers are driven out of business, and closed factories and closed stores add to the ranks of the unemployed.

I would like to quote a few lines of forgotten logic that were expressed by the Ohio State Supreme Court in its findings in the case of the *State ex rel.* v. *Standard Oil Co.* (Ohio, 49–137).

That supreme court said, "A society in which a few men are employers and the great body are merely employees or servants is not the most desirable in a republic, and it should be as much the policy of the law to multiply the numbers engaged in independent pursuits or in the profits of production as to cheapen the price to the consumer.

"Such policy would tend to an equality of fortunes among its citizens, thought to be so desirable in a republic, and lessen the amount of pauperism and crime."

The court then went on to cite that it mattered not how a monopoly be created, whether by patent or "by extensive combinations among those engaged in similar industries controlled by one manager." It added, with judicial foresight, "by the invariable laws of human nature, competition will be excluded and prices controlled in the interests of those connected with the combinations or trusts." Our present chain-store system has set up a series of Nation-wide practices that are as unjust to the independent merchants as they are costly to the public. What would you think of a merchant on the main street of your city or village who attempted such practices to his customers? Here is how it would work. How would you feel toward the merchant in your town if he had one price to the farmer with the 160-acre farm and one hired man and a higher price to 10 farmers with 80-acre farms and no hired men? How would you feel toward the merchant in your town if he had one price to 100 workers with pay checks of $100 a month and a lower price to the worker with a pay check of $200 a month? What would you do with that kind of a merchant?

Let us put it another way—use another homespun illustration. Let us say that four farmers, Olson, Brown, Jones, and Smith come into the back door of this merchant's office early in

the harvest season. They show him that they are hiring lots of men for the harvest, as they are the biggest farmers in the neighborhood. They make a little proposition. They say to the retailer, "We are your biggest customers. We will buy more groceries than any other 20 men in the neighborhood. If you make us the right kind of terms, we will buy all of our groceries from you for the fall and winter. But we will do a lot of talking to our neighbors and tell them what good groceries you have, so you figure out the best price and then knock off 10 percent additional from that price for the advertising we will give you, and we will close the deal."

Suppose this retail storekeeper sold all of these large orders for groceries at cost, less 10 percent for advertising, to Olson, Brown, Jones, and Smith. The retailer would have four large orders assured him every week for the fall and winter months. He would also have a lot of conversational advertising, but he would have no profit. So what would this storekeeper do then?

He would go into his private office and figure out just how much he was losing below what return he would have had if he had charged his regular margin of profit and overhead.

Then he would apportion that loss out according to the remainder of his probable business turn-over, spread it onto all of his other customers during the coming season. He would figure out just how much he would have to add to the price of the goods on his counter, the goods he was going to sell to the hundreds of men and women in your community, who were not favored members of the inner circle of the four wealthier farmers.

As soon as the merchant had this figured out you would see him go out to the store window and start changing the price tags in that window and the price tags on the shelves behind the counter. You know, as well as I do, that the change in those price tags would be upward, not downward.

You, my friends, would be paying throughout the fall and winter for the special privileges of Olson, Brown, Jones, and Smith.

When the Robinson-Patman bill seeks to prevent monopoly and prohibit special privilege and secret rebates, it is only protecting the consumer, the farmer, and the wage earner. It is only forcing all retail distributors to meet on an open and aboveboard basis of keen and honest competition where the same premium for efficiency and distribution will prevail.

Maybe the old-fashioned butcher boy used to weigh his thumb occasionally, but under the present system you, the public, are paying for weighing all the big thumbs in Wall Street.

The Department of Commerce has issued a report showing that on all purchases from chain stores in four large cities, more than 50 percent of the items sold were short in weight. This was far more than the short weight charged against independents. Seventy-six of the one hundred and twenty grocery manufacturers in this country admitted being forced to give some sort of unfair, preferential treatment to chain buyers, and 23 of them admitted that they were clubbed into the bargain they made.

Don't forget that today a lot of men who were prosperous merchants on our main street a few years ago, are now numbered among the 13,000,000 unemployed in this country. That is their thanks for helping to found and build pioneer towns.

Do not let the chain-store millions and their newspaper propaganda convince you that the mulcting, cheating tactics of the chain stores today are any benefit to the people of America. They are only silky words and distorted figures, attempting to prove to you that paying crooked bonuses from a corkscrew system is a benefit to the man who produces the stuff they sell and the man who pays his wages for it over the counter.

The chain-store lobby has tried to convince you that the chain stores pay higher wages to their employees than do the independent merchants. That too is untrue. An investigation made by the Federal Trade Commission for the United States Senate shows that 1,200 chains, operating 65,000 stores throughout this country, and employing nearly 300,000 people, paid an average wage of less than $21.50 a week. The average wage of independent-store employees was $28.50 a week.

The chain-store lobby does not tell you that the clerks and managers of most of the chain stores throughout the country have to pay, out of their salaries, for every wormy cabbage and every rabbit-bitten carrot, that the customer brings back. That is how the chain-store tactics affect labor.

Out of 26 tobacco manufacturers interviewed, 16 admitted they were clubbed into price preference by means of extra discounts, rebates, and other allowances. How did they make up this loss? By adding to the price they charge to the merchants who sell 75 percent of their output.

The chain stores club down the price they pay to the producers just as they club down the price they pay to the manufacturers. The manufacturer can add it on to the price he charges the independent merchants. But the producer who brings his butter or berries or vegetables to market comes without a club in his hand.

In the hearings, conducted by Congressman PATMAN in the House, a common practice in the berry-growing district was exposed. The first farmer in with six cases of berries on a morning when berries were selling for $3 a crate, received $3 a crate for his berries from the chain-store manager. The chain-store manager opened a crate and put 24 boxes in the widow with price cards on them at 10 cents a box.

As the sun came up other farmers arrived with their loads of berries. Berries were selling that day at $3 a crate. The chain-store manager would point to the window and say, "Why I am retailing at 10 cents a box or $2.40 a crate." Through these tactics he would force down the price to the farmers so that he would only pay $2 a crate, and then, after the morning's buying was over, the figure on the price card on the little boxes in the window would go up again. That is how the chain-store practices affect the producer.

But here is where the downright bribery comes in—and don't forget that when bribery is a common practice in business dealing, sooner or later you, the consumers, pay the cost.

The testimony in the recent American Safety Razor case of the Federal Trade Commission shows that in addition to a 10-percent special advertising allowance given chain drug and cigar stores, American Safety Razor Corporation sold the United Cigar Stores 20,000 shares of treasury common stock at the price of $47.50 per share, when at that time the market price of that stock on the New York Stock Exchange was $70 or more per share. Thus the American Safety Razor Corporation virtually handed to the United Cigar Stores $450,000 in cash as consideration for buying its product. There are no decisions at the present time which will serve as authority or precedent for the Commission to prevent such deals. The Robinson-Patman bill aims to correct just this situation.

If those who control the great purchasing power can continue unfairly to force rebates, allowances, discounts that have to be made up in charges to other customers, then what happens? Their competitors are forced out of business. Their own purchasing power is increased, and the grip of monopoly is tied about the throats of both the producers and consumers of America.

Let the large units of trade drive the small units out of existence, and then what? Complete monopoly with both producer and consumer at the mercy of that monopoly. For lack of competition the farmer then must sell at prices fixed by that monopoly or let his produce rot. For lack of competition the worker must buy at prices fixed by that monopoly or go hungry and cold. That, my friends, is price fixing.

The Robinson-Patman bill does not fix prices, but let the trend to monopoly continue and monopoly will fix prices.

Out in my own home State of Minnesota no more than 2 years ago, hundreds of our independent merchants became fearful when my party advocated a program of which this bill is a part.

Today those merchants look for their salvation to this measure * * * to its harnessing of monopoly * * * to its prohibition of avaricious special privilege, and its unscrupulous mulcting of the unprotected and unorganized. Today those merchants have learned who are their friends. They have learned that they cannot get a hearing in the great reactionary newspapers that defamed and vilified my party and the State administration that had striven to help them.

They have learned that those daily newspapers are published not for service but for profit. They have learned that those newspapers squeeze their fat profit out of advertising. They have learned that the fattest of those advertising profits come from the great banker-controlled chain stores. They have learned that the newspapers print what the monopolies want them to print and leave out what the monopolies want them to leave out.

What have you read in your daily newspapers about this fight for life of the independent merchants? I do not mean editorials. It would be too much to expect these profit-inspired and chain-store-dictated newspapers to set clever young men of their editorial writing staffs to work arguing for a bill that would rip the cheating privileges out of the hands of the rich monopolies.

I am not talking about editorials, I am talking about the news columns of those newspapers.

What do you read, even in the news columns, about this fight for life of the independent merchants?

Just a few weeks ago you had the perfect illustration of what I mean. Right here in Washington the independent merchants of America, the small businessmen of the Nation's large and small main streets, gathered for the biggest day of their organizational history. Every State in the Union was represented. The officials and duly chosen representatives of virtually every independent retail merchandizing group in the country participated. There were the retail druggists, the retail grocers, the retail fruit and vegetable dealers, the retail clothiers and hardware men, and tire sellers. They were the men and women who came from the sidewalks of our cities and from the corner stores and main streets of our towns and villages and from the farming communities. They came to organize to save themselves, their stores, towns, and communities, which they had helped to build, from chain-store extermination.

They came to Washington for what they termed their first national "independents day." They held their epoch-making Nation-wide conclave in historic Constitution Hall.

But what happened? Even the Washington dailies all but ignored their huge convention. And did any of the hundreds of newspapers throughout America send their army of Washington correspondents over to Constitution Hall to cover the convention?

If they did, I would like to know which one it was. I am sure that paper is not published in Minnesota. Why, the few straggling reporters that were ordered to run over to that great convention for a few moments and "look in on it" wandered about Constitution Hall with their faces pulled by that expression of utter desolation and disgust that marks a newspaperman's face only when he is sent to cover a story that he knows will never get in the paper.

Those delegates at Constitution Hall celebrating their "independents day" represented 1,500,000 independent merchants of America. Together with their employees and their families dependent upon them, they represented about 12,000,000 Americans.

On their platform program they had a half dozen distinguished speakers, any one of whom would have drawn a crowd of many thousands of listeners at any State fair in America.

But those speakers and those independent merchants talked in plain language about some delicate and startling subjects. They talked about secret rebates, and special discounts, and advertising allowances, and some of the other discriminations practiced and permitted to be practiced by the chain-store combines of this country. They talked about the Robinson-Patman bill that would cure those evils, stop those practices, and give the independents not one iota of advantage, but an even footing with the chains. They talked about a bill that would try to make the chain-store overlords as clean as they are clever, as honest as they are omnipotent, and as equitable as they are efficient.

So, my friends, they didn't get their doings put in the newspapers. If you do not think that chain-store practices have become recognized as an evil let me tell you that 26 of the 48 States, fearful of the loopholes that now lurk in our Federal law, have tried to establish fair-trade laws. Seventeen States have established chain-store tax laws and 19 others have tried to establish them.

The Robinson-Patman bill is not a tax bill. It does not levy a penny of tax nor a penny of penalty. It is a protective measure. It is a plug for the loophole of crooked merchandising, a loophole that only time and experience and our changed social and economic order has shown to exist in the present Clayton antitrust laws. It does prevent discrimination in prices where such discrimination does tend to create monopoly. That was the purpose of the Clayton Act, which this Robinson-Patman bill seeks to amend, and the Clayton Act is now 22 years old.

Most of the trick pamphlets and phoney arguments and misleading literature that has been scattered to the four winds of the country by the chain-store lobby holds up, to your horror and amazement, distorted versions of the language of the Robinson-Patman bill. Most of that language and those phrases with which they attempt to frighten you are the same language and the same phrases that for 22 years have been in the Clayton Antitrust Act.

It does not prevent discounts for advertising, provided the same discounts for advertising are allowed to little purchasers in the proportion to the goods they buy and the advertising they do.

A manufacturer can manufacture an entire year's output and sell it at a loss if he wants to, provided he takes the same loss on sales to the independent distributor that he takes in his sales to the chain-store and mail-order distributors.

And, finally, let me say the Robinson-Patman bill is not merely an anti-chain-store bill. The bill does not in any way attempt to change the business methods or practices within the chain-store systems, whether those practices be good or bad. It does not put any penalty on efficiency, either in manufacturing or distribution. It makes no differentiation between prices charged, just so the prices are equal on a corresponding quantity to every purchaser. It does not prevent the distributor or retailer, whether he be chain or independent, from passing along to the consumer every saving that efficiency can devise. It does not prevent quantity discounts. It does not fix prices. It does not prohibit anything except practices that destroy competition and bring about monopolies. The Robinson-Patman bill cannot injure any legitimate business or legitimate practices.

The opponents of this bill are those who bribe their favorite customers at the expense of the rank and file of their customers. They talk about the Robinson-Patman bill destroying equality of opportunity for young people. No agency in the American system of distribution has been any more destructive of opportunity for youth than the chain banks and chain enterprises who seek to regiment and standardize clerkships, counter salesmen, auditors, and store managers into a vast army of mediocre trade slaves, living on starvation wages, devoid of every iota of originality or independence.

If you believe that competition is the life of trade; if you believe in the policy of live and let live; if you believe it is the duty of government to protect the weak against the cheating and bribing of the strong; if you believe that all of the consumers in America should have a right to buy their goods in fair and open markets of trade; if you believe that the farmers' market gardeners and dairymen of the community should have a right to sell their products to their friends and neighbors and storekeepers who have helped them build their communities and towns, then you are an advocate of the Robinson-Patman bill.

I was born and lived all but a few years of my life in a small community in southwestern Minnesota. I have seen these independent merchants take the role of leadership in every movement for the betterment of that community.

These merchants and the townspeople and farmers for miles around worked hand in hand to build that community into a thriving town. These merchants and townspeople and farmers were friends and neighbors. They shared the good years and the bad; they contributed to community funds for harvest festivals and Fourth of July celebrations. They supported the churches and schools and public improvements. Whether they met at church or at the ballot box on election day, or at an auction sale, they were friends, and they shared their pride in the community. I do not want to see those 1,500,000 independent merchants exterminated by chain-store monopolies.

I do not want to see the 12,000,000 people who are dependent on them sacrificed on the block of discriminatory trade practices that any common man would just call cheating.

COMPENSATION OF DIVISION SUPERINTENDENTS AND OTHERS IN THE RAILWAY MAIL SERVICE

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 10267) 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, with a Senate amendment, disagree to the Senate amendment, and ask for a conference.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, lines 3 and 4, strike out "with the concurrence of the Civil Service Commission."

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BURCH, HILDEBRANDT, ROBERTSON, DOUTRICH, and GOODWIN.

HOURS OF DUTY OF POSTAL EMPLOYEES

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 10193) to amend the act to fix the hours of duty of postal employees, 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:

Line 9, strike out "weekly."

Mr. RICH. Mr. Speaker, will the gentleman explain what changes have been made in this bill by the Senate?

Mr. MEAD. The House bill designated these employees as weekly employees. The Senate struck out the word "weekly" and inserted "per diem." The department informs us the Senate amendment will in no way injure the administration of the bill.

Mr. SNELL. There are no weekly Democrats, either?

Mr. MEAD. No. It affects only 192 employees in the Mail Equipment Shop, mostly women. To identify them particularly we classified them as weekly workers. They are per diem workers. The Senate thought it was unnecessary to classify them as weekly workers.

Mr. RICH. In other words, you are cutting down the hours of labor from 44 to 40 and increasing the wages 10 percent.

Mr. MEAD. We did that in the 40-hour week bill, but this additional legislation was made necessary by a decision of the Comptroller of the Currency excluding this group from the operations of that bill.

Mr. RICH. The lowest pay any of them receive is $4.40 per day. You increase them 10 percent. The highest pay any of them receive is $12.60 a day and you increase them by 10 percent, too.

Mr. MEAD. And many of them have been borrowing money to live on since they suffered this cut.

Mr. RICH. There are lots of people in the gentleman's district and in my district borrowing money to live on, and they do not get as high wages as these people get without the increase.

Mr. MEAD. They do not have to pay the high rents we pay here in the District.

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

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. STACK. Mr. Speaker, I ask unanimous consent that on tomorrow, May 1, after the reading of the Journal and the disposition of business on the Speaker's table I may address the House for 10 minutes.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to address the House for 10 minutes

tomorrow after the reading of the Journal and the disposition of business on the Speaker's table. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, and I shall not object, I would like to know from the majority leader what the program is going to be for tomorrow.

Mr. UMSTEAD. Mr. Speaker, reserving the right to object, and I shall not object to the request of the gentleman from Pennsylvania, we are about to begin the consideration of the appropriation bill for the Navy Department, and I hope, therefore, that no other request will be made which will delay the consideration of that bill.

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

Mr. RICH. Mr. Speaker, reserving the right to object, I would like to know whether the gentleman from Pennsylvania is going to rip up the Kelly machine that tried to defeat him and could not?

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

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, and I shall not object, I think it proper for me to make a statement, because it may give some information to Members who may be making plans for the remainder of the week. A situation has developed in the House where we think it very important that we finish the Navy appropriation bill as speedily as possible. I want to therefore give notice that it is the expectation to finish the Navy appropriation bill this week. I regret to announce that we expect to finish this bill by Saturday night. This is the first time during the session we have kept the Members here on Saturday, but we have reached the stage in our proceedings where it is necessary.

Mr. SNELL. Will the gentleman inform the House what it is expected to take up the first of next week?

Mr. BANKHEAD. For the present, unless some change in the program develops, Monday and Tuesday are regular calendar days. We hope to have the deficiency bill, the so-called relief bill, ready for consideration on Wednesday. It is our expectation to take that matter up next.

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

There was no objection.

Mr. BOILEAU. Mr. Speaker, I desire to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. I am advised by the Clerk that 218 Members have signed the petition to discharge the Rules Committee from further consideration of the resolution bringing up the Frazier-Lemke bill for consideration on the floor. May I ask the Speaker whether or not the petition is now completed and the matter on the calendar?

The SPEAKER. The motion is now on the calendar under the rules of the House.

Mr. BOILEAU. That is all I wanted to know.

MARINE CASUALTY INVESTIGATION BOARD

Mr. BLAND. Mr. Speaker, I wish to renew my previous request. The gentleman who interposed the objection has withdrawn his objection.

I ask unanimous consent, Mr. Speaker, to take from the Speaker's table the bill (H. R. 8599) 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, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

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

There was no objection.

The Chair appointed the following conferees: Mr. BLAND, Mr. SIROVICH, Mr. RAMSPECK, Mr. LEHLBACH, and Mr. WELCH.

NAVAL APPROPRIATION BILL, 1937

Mr. UMSTEAD, from the Committee on Appropriations, reported the bill (H. R. 12527) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes (Rept. No. 2548), which was read the first and second time, and, with the accompanying report, referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. UMSTEAD. Mr. Speaker, I move that the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 12527) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes; and pending that, I ask unanimous consent that general debate on the bill may continue for the remainder of the day, one half of the time to be controlled by the gentleman from Michigan [Mr. McLEOD] and the other half by myself.

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

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 12527, with Mr. VINSON of Kentucky in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. UMSTEAD. Mr. Chairman, it is with profound regret that I announce the illness of the chairman of the Subcommittee on Naval Appropriations, the distinguished gentleman from Kentucky [Mr. CARY], who has for several months devoted a great deal of time and effort to the consideration of this bill. I deeply regret he is not able to be with us today and to have charge of the bill. However, he has prepared a statement in connection with this measure, and at this time, Mr. Chairman, I ask unanimous consent that the statement of the gentleman from Kentucky [Mr. CARY], chairman of the subcommittee, may be inserted in the RECORD at this point in the same type print in which it would appear if the gentleman had delivered the speech on the floor of the House.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. CARY. Mr. Chairman, ladies and gentlemen of the Congress, it becomes my duty at this time to present to you for your consideration the naval appropriation bill for the fiscal year 1937. Unfortunately and unavoidably this bill carries the largest appropriation of any annual naval supply measure ever presented to the Congress predicated upon estimates prepared in time of peace. This is to be regretted. You know and I know that every dollar spent for the habiliments of war is a wanton waste and an indictment against the civilization of the world.

The peoples of the earth seem to be straying far from the teachings of the Prince of Peace when he gave to the world the doctrine of "Peace on earth, good will toward men."

Americans are a peace-loving people. We are opposed to war, and have led the way for disarmament and peace of the world. Our teachings and examples have not been followed, and we are compelled to build a national defense at great cost. The disturbed condition of the world today is appalling. More men are under arms than at any time since the World War. The nations of Europe are facing relations more strained possibly than have ever before prevailed. It is fearful to think of what may happen in the near future.

Notwithstanding, we, as a people, have confidence in the ultimate triumph of sane, sensible, peaceful methods of settling differences between nations, yet in the present troubled state of the world we realize that armament cannot be dispensed with. The national-defense program of the present administration is absolutely necessary and far-sighted. It is for the purpose, and only for the purpose, of securing our peace, maintaining our security, and of deterring aggression.

I believe it is the duty of this Congress to build up our armed forces on land, in the air, and at sea commensurate with our needs to insure our national security—that is the aim of the present program.

We have not abandoned disarmament as the key to universal peace. I earnestly hope that we may continue to lead the way for the peace of the world and that the dream of disarmament may become a reality. If this can be done, the huge expenditures for armament may then cease and the greatest burden to humanity lifted and happiness brought to the people of all the earth.

Mr. Chairman, on November 12, 1921, the eyes of the world were focused upon this great city of Washington. An epochal event was about to transpire.

Here on that date were met leading statesmen and high-ranking naval officials of our own and foreign Governments for the express purpose of endeavoring by treaty to stop a race in naval armaments. We, with most of the other nations who took part in that meeting, were fresh from the great catastrophe of war. There was an earnest desire at that time by all the participants to bring about a treaty that would forever stop a mad race in world armament. It was a movement initiated by the Government of the United States, pursuant, I think it, but fair to say, to a provision carried in the Naval Appropriation Act approved July 12, 1921, whereby the Congress authorized and requested the President of the United States to take appropriate steps to bring about such a conference. This Government was interested at that time, as it has been ever since, in trying to show the nations of the earth the absolute folly of war and the preparation for war.

Our aims and our hopes, it seems to me, could not have been better expressed than by President Harding, who during the course of his address to the assembled delegates used these words:

> Out of the cataclysm of the World War came new fellowships, new convictions, new aspirations. It is ours to make the most of them. A world staggering with debt needs its burden lifted. Humanity which has been shocked by wanton destruction would minimize the agencies of that destruction. Contemplating the measureless cost of war and the continuing burden of armament, all thoughtful peoples wish for real limitation of armament and would like war outlawed. In soberest reflection the world's hundreds of millions who pay in peace and die in war wish our statesmen to turn the expenditures for destruction into means of construction aimed at a higher state for those who live and follow after.

Today, but little more than 14 years later, we seem to be upon the threshold of having those hopes and those aspirations, which offered so much in the promotion of international accord and good will, tossed aside despite all the ugly potential consequences with which all nations are fully familiar.

Ambition and greed, engendering fear, suspicion, and distrust, apparently remain entrenched—not only entrenched, but seemingly have gained a position of dominance. When these sinister obstacles to human progress and happiness dominate the policy of nations, the oppressive cost of war preparation becomes a secondary consideration. This undoubtedly is true with the nations of Europe at the present time. Insatiable avarice stops at nothing, not even war, with its appalling toll of human lives, its measureless cost, and the sorrow, misery, and distress which follow in its wake.

Because, my friends, suspicion and international distrust have been revived, or, possibly, have continued to survive, this bill we present to you today may mark another epoch, at least so far as our own Navy is concerned. It appears now likely that it will be the last measure to be written consecutively and completely within the circumscribing terms of an international agreement.

A lack of international accord or the lack of agreement such as we have had is not reflected in this measure. As to future measures, we must await upon the course of other powers. America will not lead in a naval race, but I do not entertain the slightest doubt that the American people are predominantly in favor of and will insist upon a navy second to none and one which at all times actually will observe the ratios established by the Washington Treaty of 1922.

Our existing policy is founded upon the Washington and London treaties. They will cease to be operative after the end of this calendar year. This bill is another step toward the attainment by 1942 of the maximum strength we are permitted to have under those agreements, all in under-age tonnage save capital ships. We are submitting a recommendation with respect to capital ships which I shall refer to later.

The size of this measure, I realize, is exceedingly disturbing to some people. Mr. Chairman, it is disturbing to me, and if anybody can show me wherein it may be appreciably reduced without in anywise doing harm to the sort of establishment we are endeavoring to build up I shall be most happy to have them come forward and do so. I am about persuaded that it just cannot be done.

When we consider these national-defense measures we should do well to remember Cromwell's oft-repeated admonition to his troops who were about to ford a swollen stream. Said Cromwell: "Put your trust in God, but be sure to keep your powder dry." To be prepared, my friends, in other words, for no one can forecast what might happen or when or in what quarter. The world is now in the midst of a swirling stream. Whether the dikes will hold or whether there will be a break here of there or all along the line God only knows.

Statesmen advised by naval experts not of our own Government alone but of the Governments of Great Britain, France, Italy, and Japan established and did agree to the principle that our Navy should be the equal of any other navy in the world, and that as to Japan the ratio should be as 5 is to 3. Certainly it is not unreasonable to seek to attain and maintain such a degree of preparation, particularly when we see cotreaty powers building up to the maximum fleets thus permitted. It would be unreasonable not to do so.

Any Member on this floor who has selected and sent to our Naval Academy the sons of persons who are in part responsible for that Member being here owes it to those boys and to the parents of those boys and to the communities from which they were chosen that they are not placed in a position where, if called upon to engage in battle in defense of America, they will be handicapped because, forsooth, that Member's naval interest, his interest in national defense, ceased with the exercise of that bit of patronage.

Where is your patriotism? It was John C. Calhoun who said that "protection and patriotism are reciprocal." You cannot profess to one and ignore the other. They go hand in hand and are inseparable.

When the Army bill was on the floor here I heard it suggested that the military part of it should be cut between a third and a fourth, that the money thus freed might be used to feed the hungry. That struck me as plain, unadulterated demagogy. Whether you believe in national defense or not, it is a fact that 85 percent of the money carried in this bill, not earmarked or allocated to pay, will be expended either directly or indirectly for personal services, and the same was true of the Army bill.

Those of us who, by reason of our committee assignments, are directly charged with dealing with national defense preparation frequently are asked against whom we are preparing, or, if we are not looking to a war of aggression, why need we further build up the existing establishments, or rather why should we not reduce them.

My answer to them is that America is not making preparation for war against any power, and America will never engage in a war of aggression, but, as Lord Byron once said, "The best prophet of the future is the past." We do not know, we cannot know, what tomorrow may bring forth, and I, for one, am unwilling to gamble with the security of this priceless heritage we have from our forefathers—these United States of America. However, I am not so national-defense minded, Mr. Chairman, that I am willing to underwrite every request for funds that may be presented. There is a phase to the stupendous expenditures that have been and are being made in the name of relief that to all persons who have a responsibility in connection with Federal budgeting is extremely disturbing. Not unlike the effect of the large war budgets, the recent availability of such vast sums for fighting the depression has led to a disregard of sound budgeting. It has created a sort of fiscal psychology in both

the legislative and executive branches of our Government which will take years completely to dissipate, but it must be dissipated if we ever are to bring expenditures within proper bounds. Now, I am a bit suspicious that our Navy friends have a touch of this easy-money mania. We are aiming to have a treaty Navy by the end of the fiscal year 1941. We have been told that such a Navy, upon attainment, will cost us $555,000,000 annually to maintain and operate, including the construction cost of replacement vessels and aircraft. I propose, and I hope you will join me, to keep that figure as the very maximum so long as we are not compelled to go beyond the size and kind of navy which that figure contemplates. I am inclined to believe that we can come well inside of it, and I certainly do not propose to let appropriations approach that maximum ahead of time.

In the consideration of the bill we are now presenting, with that figure of $555,000,000 having been supplied to us by the Chief of Naval Operations scarcely more than a year ago, we met with propositions which showed a disregard for such an ultimate maximum, and we have made reductions in this bill because of that fact. I wish to say to those of you who are opposed to large naval expenditures and to those of you who stand for a treaty navy, but who keep a weather eye on the cost, that you should keep this maximum figure in mind, and make inquiry as to all legislation proposed, whether or not it occasions an increase in any of the items contributing to the $555,000,000. All legislative proposals originating in the executive branch, to get by the Budget, must be found not to be in conflict with the administration's fiscal program. I suggest that we might very well adopt a similar policy and demand to know as to each piece of naval legislation presented here whether or not, if it should become law, it would mean adding to the cost of any of the component parts of the $555,000,000.

If you will look at the analysis of the large increase carried in the Budget over the current appropriations which I have made for you on page 2 of the report, you will see that a very large portion of it is responsive to recent legislation which it would not be possible to effectuate without adding materially to the cost of the Navy, both as regards matériel and personnel. This legislation we cannot view as a mere gesture. It becomes, when enacted, the last expression of the position of the Congress upon the matters to which it relates, and the Appropriations Committee cannot, as I see it, do more than see that appropriations asked to make it effective are no greater than necessary consistent with good business policy. So it seems to me, Mr. Chairman, when we bring bills in here and have them attacked because of their magnitude, it is very much like locking the barn door after the horse has gotten away.

The Budget increase of $60,315,324—net—is considerably more than accounted for by four propositions.

For the current fiscal year the appropriations were made looking to an enlisted force of 93,500 men by the end of the year. The average number we appropriated for was 88,000. For 1937 the Budget looks to closing the year with 100,000 enlisted men, the expansion to be so regulated, however, that the average number for the year will be 96,500. We therefore are called upon to appropriate for the full year for an additional 8,500 men, and the cost will be $10,527,114. During 1937 the number of vessels that will be in commission will increase from an average of 312.3 to 319.6. The number of operating airplanes are estimated to advance from 958 to 1,259. These factors, in conjunction with the policy not to have less than 85 percent of complement in any type of vessel, are responsible for this present request further to expand the enlisted strength.

The authorized enlisted strength of the Marine Corps is 20 percent of the authorized enlisted strength of the Navy, which is 137,485 men. That would make the authorized enlisted strength of the Marine Corps roundly 27,500. The enlisted strength of the Marine Corps, as you all know, has been held down by appropriations. For the present year the number is 16,000. For 1937 it is proposed that the number shall be gradually increased to 17,000, and we are asked to provide for the cost for the full year of one-half of the increase, or 500, which means an added expense of $429,904. The increase in the enlisted strength of the Marine Corps is required mainly to augment the Fleet Marine Force, which has an approved strength of 7,500 and an actual strength of 2,805, both figures being exclusive of aviation personnel. There is an additional demand, also, to supply marine complements for additional vessels that will be in commission.

Then, aside from enlisted men, it appeared necessary when the Budget was shaped to add another appointment to the Naval Academy, raising the number to five, which is the full number authorized by law. The need for this additional appointment was urged as essential to bring the line officer strength up to 6,531 by 1945. The number of line officers on September 30 last was 6,165. Four appointments are estimated to yield 521 graduates and five appointments 625. The number available for commissioning, however, runs about 84 percent, due largely to Staff Corps and Marine Corps demands. This annual yield, of course, is considerably offset by normal attrition, which, under present law, will assume larger proportions by reason of the extension of selection to encompass all grades from junior lieutenant to captain, both inclusive. In addition there are somewhere in the neighborhood of 500 over-age lieutenants and lieutenants (junior grade), who become extra numbers on July 1 next and will be retired when their commissioned service shall have amounted to 21 years and 14 years, respectively, which will occur between 1939 and 1941.

The cost of this proposal for 1937 was represented to be $589,937, exclusive of $147,000 under Public Works for additional dormitory space, to cost $750,000.

Very recently, and after the conclusion of the committee's hearings, the Department concluded to recommend a modification of the laws governing the selection and elimination of officers in the junior grades, and, if such a change be made, four appointments, in conjunction with other appointments authorized by law, will provide a flow of graduates adequate to meet all now apparent demands. Being thus advised, the committee has prepared this bill on the four-appointment basis, and, by so doing, has been able to make a reduction of $441,609. A portion of the Budget increase has not been disturbed because it appears that there will be a larger number of midshipmen at the Academy next year under the four-appointment arrangement than originally estimated.

These three personnel propositions which I have just discussed occasion an addition in the Budget over the current year of $12,068,755.

The fourth proposition, and the proposition which accounts for more than 80 percent of the net Budget increase of $60,000,000 plus, pertains to the shipbuilding program. The increase asked in the Budget is $49,595,000. I shall speak of that later when I speak of some of the reductions the committee has effected.

These four matters, Mr. Chairman, three involving personnel and one matériel, more than account for the net Budget increase. The other items, as I have already said, are itemized for you in our report, divided between personnel and matériel. They are offset by the considerably lesser amount we are asked to appropriate for public works.

I shall turn now to our committee action.

I have had the finest kind of cooperation from my committee colleagues, and we have worked out a bill which I should hesitate further to reduce in any direction for maintaining, supporting, or operating an establishment of the proportions to which we are committed. We have made a gross reduction of $23,805,119 and a net reduction of $18,522,592. You will find that all detailed in a table commencing on page 4 of the report. To be perfectly frank about it, however, as I have stated in the report, $15,000,000 of the reduction we have made definitely is a deferment, and, of the remainder, $1,722,950 may or may not be a permanent saving, depending upon food and fuel price trends.

It is not my purpose to discuss in great detail the changes we have made. The report possibly should suffice, but, with your indulgence, I shall take sufficient time to call attention to the most pronounced items.

NAVAL RESERVES

We have reduced the Naval Reserve estimate by $921,531. The estimates for this component came to us in the total figure of $8,790,000, which is a net increase over the current year of $1,437,175. I shall enumerate for you the principal items in that figure for which we have declined to recommend appropriations.

For giving 14 days' training duty to officers and men of the merchant marine. That would cost $226,798.

For bringing interior divisions to salt water for training instead of training them on the ships assigned to the Reserve on the Great Lakes. That would cost $44,632.

For giving a greater number of officers and enlisted men of the volunteer branch of the Reserve 14 days' training duty. That would cost $427,448.

For embarking on a new plan to give 45 days' training duty to 1,000 college students. That would cost initially $138,000.

This last proposition is an improvisation for an extension of the Naval R. O. T. C. law, which has a statutory limit of 1,200 trainees, 200 of whom are supposed to be allocated to the Marine Corps, but all appropriated by the Navy. The Congress having enacted legislation to provide the Navy with Reserve officers through the medium of R. O. T. C. schools, the committee has taken the position that if a need exists to expand that law, legislation should be sought, and that there should not be resort to the indirect way here proposed.

ORDNANCE

You will notice a sizable reduction we are proposing under the Ordnance Department. The Budget includes $2,372,000 for ordnance for the 1937 airplane procurements. We ascertained that 113 of those airplanes are not expected to be delivered prior to July 1, 1937, and the cost to supply the ordnance for those particular 113 planes is estimated to cost $1,205,933. Therefore, we have subtracted that amount from the estimate. There is no occasion to appropriate the money in advance of the fiscal year in which it will be expended.

The other reduction we have made is more or less arbitrary. I do not like arbitrary reductions and as a rule I am not disposed to resort to them, but we increased the current appropriation over the appropriation for 1935 by $11,154,400, and we just concluded that we would not recommend a further increase at this time. The current increase was occasioned by a number of projects, some new and of a confidential character, and others were made for projects which had been pinched by reason of inadequate prior appropriations.

The ordnance situation of the Navy, as a whole, is in a very satisfactory state, owing largely to the liberal policy the Congress has pursued in making provision for spares and reserves for new ships, the cost being lodged against ordnance funds for new ship construction.

PAY, SUBSISTENCE, AND TRANSPORTATION, NAVAL PERSONNEL

We have effected a number of reductions in the appropriations for pay, subsistence, and transportation of naval personnel, amounting, in the aggregate to $1,757,019. I shall merely mention the larger ones. Continuing the four-appointment arrangement to Annapolis, to which I have previously referred, accounts for $222,792 of it. We found the estimate for pay of enlisted men based upon a distribution in pay grade at variance with the distribution we were told a year ago had been employed in arriving at the whole annual cost of maintaining a Navy of full treaty proportions. Computing the present estimate on such a basis, and I know of no reason why we should not, yields a saving of $949,103.

Under the subsistence head we have made a reduction of $356,529, which may or may not prove to be a permanent saving. The estimate is based upon a ration cost of 47 cents. For the period July to September 1935, the ration actually cost 45.902 cents. We have employed that figure. If the cost goes up a deficiency appropriation will be in order because the components of the ration are fixed by law. Moreover, there is no disposition on anyone's part, I am sure, to economize at the expense of the soldier's or sailor's table.

The third and only other major reduction we have made under this personnel item of appropriation applies to transportation. The Budget allows an increase of $593,237, and we have cut that amount by $213,600, and here again arbitrarily, in a measure, at least, although in part justified by the pending reduction in rail and Pullman rates made subsequently to the submission of the Budget.

FUEL AND TRANSPORTATION

The bulk of the appropriation for fuel and transportation is expended for fuel oil. The estimate for 1937 is $9,800,000, which looks to the consumption of a greater quantity of fuel oil by 193,264 barrels, and an average price of 95 cents per barrel. Recent bids, however, show a marked downward trend for oil delivered on the west coast, on the strength of which the estimate has been recalculated, using an average price of 78.75 cents per barrel, which admits of a reduction of $1,312,540.

PUBLIC WORKS

For the current fiscal year $18,399,000 has been appropriated directly for naval public works. That figure includes $16,924,000 appropriated in the Second Deficiency Appropriation Act, fiscal year 1935. For 1937 the Budget proposes an appropriation of $5,000,000 toward the prosecution of projects estimated to cost $10,986,100, and in addition $260,000, to be charged to the naval hospital fund, for extending the main hospital building at San Diego, Calif.

The committee does not recommend the appropriation at this time of the amounts included in the estimates for the following projects:

Additional dormitory space at the Naval Academy	$147,000
Improvement of interior illumination, Naval Academy	121,500
Improvement of waterfront, naval operating base, Hampton Roads, Va	135,000
Naval model basin in the vicinity of the District of Columbia	1,881,200

The first item I have explained before. The next two items are in the desirable but not immediately necessary category. If the first item were of high priority, it would have been urged before this. The total cost of each of these two items is $270,000 and $300,000, respectively.

A bill authorizing the model basin has been passed by the House and Senate and was awaiting the approval of the President when our report was written. Until it becomes law the committee would be without authority to include in an appropriation bill funds for going ahead with the project.

The committee has added to the estimate $125,000 for extending the machine shop at the Norfolk Navy Yard. It is advised that this expenditure will be early repaid through economies resulting from more economical production facilities. It has made an addition of $150,000 for necessary work at the Mare Island Navy Yard preliminary to beginning construction of the graving dock at that establishment, authorized by the act of April 15, 1935, and it has made a draft of $295,000 upon the naval hospital fund, in addition to the $260,000 proposed in the Budget on account of the naval hospital at San Diego, to begin the construction of a new naval hospital in this city, which was authorized by the act entitled "An act to authorize the Secretary of the Navy to proceed with certain public works at the United States Naval Hospital, Washington, D. C.", approved February 25, 1931.

AVIATION

Taking into account contract authorization under the Budget estimate, there would be available for obligation on

account of Navy aviation during 1937, $6,587,690 more than is available for obligation the present fiscal year, the total proposed availability being $45,410,000. This increase divides principally between maintenance, which is increased $2,765,550, and new aircraft, where there is an increase of $3,618,340.

The maintenance item is stepped up very largely by reason of the expansion I have previously mentioned in the number of operating airplanes from 958 to 1,259. There also will be an appreciably heavier charge occasioned by the intensive overhaul program at the naval air station, Pensacola, because of the heavy training program.

The increase for new airplanes results from the planned procurement of a larger number of more expensive types. For the current year the appropriation and contract authorization were designed to procure 555 airplanes for the Regular Navy. It appears now that actual procurements will number 502. The 1937 Budget looks to the procurement of 333 airplanes for the Regular Navy.

At the time of the hearings 331 airplanes of the 502 to be bought for the present year had not been ordered, and there remained to be ordered 355 airplanes under appropriations or contract authorizations made or given prior to the fiscal year 1936. In other words, we ran into about the same situation as did the Army subcommittee headed by the distinguished gentleman from Arkansas, Mr. PARKS, who told us, if I remember correctly, that 752 airplanes for the Army, provided for as far back as 1933, remained undelivered. I do not see why we should become exercised about a shortage of planes and provide for more than we do when it appears that we are unable to get deliveries without long delays of those for which we do provide.

However, the Navy's plane situation, so far as numbers go, I should say is quite satisfactory. The estimate is that there will be 1,406 airplanes on hand on July 1, 1936. It is apparent from the airplane statement in the hearings, however—page 489—that they do possess too many different makes or models within the several types. This has meant expensive procurement initially through small orders, and it means expensive maintenance because of the variety of spares that must be carried and the diversity of types which repair forces are called upon to handle. This situation has been brought about by two factors, I should say. One, negotiated orders, which are now taboo, and the other the rapid advancement of the art. It does begin to look now, I am happy to say, like we are getting nearer to the point where we will have more planes of the several types of the same make.

The committee has made a reduction of $1,411,730 in the aviation estimate. We have made a lesser allowance by $141,730 for shore maintenance and operation, holding to current-year allocations, except as to Pensacola, where there naturally will be substantially greater activity.

One million dollars of the reduction is merely a switch from cash to contract authorization. Estimated delivery dates of the airplanes for which the estimate provides indicate that, roundly, $1,069,000 of cash will not be needed until after June 30, 1937.

The other item of reduction applies to two nonrigid airships, one to cost $70,000 and the other to cost $200,000. The committee of scientists appointed by the Secretary of the Navy more than a year ago to review and analyze the present situation as to design and construction of airships and to make recommendations as to future design and construction of airships has submitted its report, but the Department has come to no decision thereon. The committee has eliminated those two new nonrigids, believing that any further construction of any type of airship should await upon the policy recommended by the Department and approved by the Congress.

Now, I should like to refer to another matter touching aviation, upon which we are submitting a recommendation to you. The Vinson-Trammell Act carries authority for the construction or manufacture by the Government of airplanes authorized by such act and of the engines therefor. A P. W. A. allotment of $2,708,800 was made to the Navy for extending the facilities of the Naval Aircraft Factory at Philadelphia for the production of program airplanes and engines, the plant being already equipped for and engaged in airplane-overhaul work and equipped for building experimental or special types of airplanes other than engines. The funds allotted will equip the plant for engaging in airplane manufacture on a larger scale, but additional funds will be needed to engage in engine production or building airplanes other than of the training type.

The factory is now engaged in building 85 training planes and it is planned to build 100 engines for such airplanes of a patented design for which a royalty will have to be paid. The Navy has not engaged in building airplane engines. Considering royalty cost, inexperience, and limited production, the chances are that the Government will pay more for the engines than if it purchased them. The last training planes purchased, including engines and all equipment, cost $12,291 each.

To engage in the construction of other than training types of airplanes would necessitate the installation of further equipment and to build an engine of its own design would require the provision of considerable machine-tool equipment. The cost of the more complicated and expensive types of planes would be all out of proportion to the cost of planes commercially produced, because of the limited number that would be produced. For example, the present year, by increasing an order for torpedo bombing planes from 57 to 114, a saving of $800,000 was effected.

The committee believes that the Navy should not go beyond the manufacture of primary training airplanes—the simplest type—and should not engage in airplane-engine manufacture at all. It believes that the Government would save money by pursuing such a course; and, further, that it would save money if it would go out of the airplane-manufacturing business altogether. It should be borne in mind in this connection that private contractors are limited to a 10-percent profit by the Vinson-Trammell Act.

The committee has attached to the bill a limitation barring expenditures upon Government-built airplane engines, other than experimental engines, and Government-built airplanes, other than of the primary training type. So far as such a restriction affecting the work load at the Philadelphia plant is concerned, it was stated to the committee that the policy has been, and will be, to keep employment at the same level whether the factory be engaged upon manufacture or overhaul work. If there be less manufacture there will be less overhaul work sent to other overhaul establishments.

NEW SHIP CONSTRUCTION

Now, I wish to turn to the biggest single item in the bill. For building ships the Budget estimate is $182,500,000. This compares with $132,905,000 made available for the present fiscal year, including a reappropriation of $6,000,000, so we have practically a $50,000,000 increase.

Of the $182,500,000, $168,519,631 is for continuing work on or completing vessels now under construction and $13,980,369 is for beginning the construction of 6 submarines and 12 destroyers.

The portion for vessels now building will be applied to 88 vessels. Expenditures very probably will reach the peak during the ensuing fiscal year. The curve will start downward beginning July 1, 1937, and there will be an appreciable drop on July 1, 1938, irrespective of battleship replacement, which may then be confronting us.

Since the presentation of the Budget there has been concluded another naval conference from which has issued a new naval treaty, signed by the plenipotentiaries of our own Government and the Governments of France and Great Britain on March 25, 1936. The Washington Treaty, signed February 6, 1922, fixed the life of a battleship at 20 years. The London Naval Treaty, signed April 22, 1930, suspended the replacement of battleships during the life of that treaty, which expires December 31, 1936. The new naval treaty provides that a capital ship becomes over-age 26 years after its completion. However, after December 31, 1936, under the new treaty, if ratified, there will be no prohibition upon lay-

ing down new capital ships between 17,500 and 35,000 tons, and, if not ratified, no prohibition whatsoever as to ships of any category or character.

Applying the 26-year principle and the further principle of the Washington Treaty permitting the laying down of replacement tonnage 3 years before the vessels they replace become over-age, we have three battleships the replacement of which may be commenced at any time in the calendar year 1937, namely, the *Arkansas*, which will have been completed 26 years in 1938, and the *Texas* and *New York*, which will have been completed 26 years in 1940.

In view of the freedom of action permissible as to battleship replacement after December 31, 1936, and the evident determination of our Government, voiced in the Vinson-Trammel Act of March 27, 1934, and in subsequent legislation, to maintain a navy second to none, the committee feels that the means should be available for matching any battleship construction that may be undertaken by any of the other signatory powers to the London Treaty, signed April 22, 1930, or to the new treaty, signed March 25, 1936. The committee is unwilling to recommend that our Navy Department be given carte blanche to go ahead with the replacement of battleships. Our Government, which has taken the lead in moves to contribute to the maintenance of the general peace and to reduce the burdens of competition in armament, should be the last to take the initiative, but neither should we permit ourselves to become laggards again, as was the case following the Washington Treaty of 1922, so well shown in the table commencing on page 79 of the hearings. Therefore, the committee has made provision in the bill for the commencement of not more than two capital ships, as replacements of over-age capital ships, to be undertaken only in the event that capital-ship replacement construction is commenced by any of the other signatory powers to the treaty for the limitation and reduction of naval armament signed at London, April 22, 1930.

Capital ships of 35,000 tons are estimated to cost upward of $51,000,000 apiece.

In addition to the appropriation requested for 1937, there will be available $33,397,868 of prior year appropriations and an amount upward of $26,000,000 of the N. R. A. allotment of 238,000,000. The total available for expenditure, therefore, will be roundly $242,500,000. The committee has reduced the estimate by $14,000,000, because it feels confident that actual Treasury withdrawals during the period of the fiscal year will not approach such total availability figure by at least the amount of the reduction indicated. If they should, our action would merely delay paying bills maturing on June 30, 1937, until the day following July 1, 1937, the first day of the next succeeding fiscal year.

A reduction of $14,690,000, proposed by the committee in the 1936 bill, was vociferously protested in several quarters, but the present hearings disclose that there will be an unexpended balance at the close of the present fiscal year of roundly $19,000,000 in excess of such amount.

The amount for initiating new construction—that is, $13,980,369—represents the first increment of $113,958,000 for building 6 submarines and 12 destroyers of not over 1,500 tons each. This will leave 23 destroyers and 8 submarines remaining to be initially appropriated for for replacing existing over-age tonnage in those two categories.

We are not allocating any money to the construction of new capital ships. If the construction of one or both is proceeded with, subject to the conditions we have provided, the money will need to be found within the total amount we are recommending for appropriation, which may or may not occasion some slowing down in the progress of work upon other vessels.

I very much deprecate the possibility of our having to engage in battleship construction. I had entertained the hope that there might be a continuation of the building holiday and that ultimately these enormously costly craft might pass out of the picture completely. Of course, it is possible yet that this hope may not be in vain.

STRATEGIC WAR MINERALS

The committee has made one appreciable addition to the Budget estimates. It has to do with the proposition presented last year, which the House approved, to enable the Navy to accumulate a reserve of strategic war minerals. Our esteemed colleague, Representative SCRUGHAM, of Nevada, is an authority on such matters, and I shall leave it to him, in his expert and inimitable way, to justify the item.

CONCLUSION

In conclusion, I wish to say a word about the new naval treaty concluded at London on March 25. While I can hardly profess complete surprise at the outcome, I must confess to a measure of disappointment. I had entertained the hope, and I may say that I had some basis for so doing, that irrespective of the unrest and disturbed conditions beyond our shores, a "good neighbor" solution might in the end prevail.

I was struck by this passage in Ambassador Davis' speech, made upon the signing of the treaty:

> I do not believe there is a single provision in this new treaty to which any naval power cannot agree, and it is hoped that all the other Washington treaty powers which are not signing this treaty today will later adhere.

Insofar as I can gather from newspaper accounts from a draft of the proposed treaty itself and from Mr. Davis' speech, I must confess that neither do I see why there should be any objection on the part of any power to subscribing to such a document. I can find little solace in it for those of us who sincerely would like to see a reduction in the cost of armament accomplished through international agreement; more vital and important now, perhaps, than when President Harding used the words in 1921, "A world staggering with debt needs its burden lifted." The only comfort I get out of this latest proposed accord is that it will serve as a bridge, as Mr. Davis says, "to future treaties of more far-reaching scope."

Mr. Chairman, at the proper place in the consideration of this bill, if I could be present, I should offer a way to attempt to cross that bridge. I believe that we ought to see that the door will be open at the first opportune moment for the maritime nations of the world again to gather to work out an agreement that actually will lead to a substantial reduction in our own and foreign naval budgets. I have not much faith in these overseas gatherings, though. There is a sort of atmosphere over there which I fear is not conducive to soberest reflection when it comes to dealing with a problem of this kind.

The amendment I should like to propose would follow very closely—almost to the letter—the provisions of section 9 of the Naval Appropriation Act approved July 12, 1921, and would read as follows:

> That the President of the United States is authorized and requested to invite the Governments of Great Britain, France, Germany, Italy, and Japan to send representatives to a conference, which shall be charged with the duty of promptly entering into an understanding or agreement by which the naval expenditures and building programs of each of said Governments, to wit, the United States, Great Britain, France, Germany, Italy, and Japan, shall be substantially reduced annually during the next 5 years to such an extent and upon such terms as may be agreed upon, which understanding or agreement is to be reported to the respective Governments for approval.

Mr. Chairman, I do not believe there is a man on this floor who would not support such an amendment. I am wholeheartedly in favor of a Navy for America absolutely second to none, but if we can have such a Navy for a third or a half or any fraction less than the cost we are now heading for, we should bend every effort—pursue any honorable course to accomplish that end. We owe it to our own America, we owe it to mankind the world over, not to let this great principle, initiated here in 1921, be defeated by the very influences it was conceived to overcome.

I thank you.

Mr. UMSTEAD. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. DARDEN].

Mr. DARDEN. Mr. Chairman, I shall not at this time attempt to discuss the measure under consideration. I have requested this opportunity for another purpose.

I want to say a few words about my friend, the late Col. Henry Latrobe Roosevelt, Assistant Secretary of the Navy. His work is finished, and while nothing that I may be able to say can add to the respect and esteem held for him by the naval forces of the United States, it is my desire to call his excellent record of service to the attention of the Congress.

Colonel Roosevelt entered the service of the United States in 1896, when he was admitted to the Naval Academy at the age of 17. Three years later he resigned to accept a commission as second lieutenant in the Marine Corps for service in the Spanish-American War.

He was immediately ordered to sea, and on the U. S. S. *Newark* and later on the U. S. S. *Mayflower* served off the coast of Cuba.

He was promoted to first lieutenant in 1900, and in 1902 was sent to the Philippines, where he served for 2 years with the marine brigade on duty there. While in the Philippines he was appointed assistant quartermaster, with the rank of captain, and it was in this branch that he continued.

From the Philippines he returned to Washington for duty at headquarters, but his service here was brief. He was soon to go to Panama with an expeditionary battalion on the U. S. S. *Columbia,* and later during 1906 and 1907 he performed expeditionary duty in Cuba.

In 1908 he was promoted to the rank of major and placed in command of the Marine Corps depot of supplies at San Francisco, where he remained until 1911, when he was again ordered to the Philippines as brigade quartermaster, where he remained until 1914, when he returned to headquarters here for a short time.

Upon the outbreak of the World War he was sent to the American Embassy in Paris for special duty having to do with the relief of American nationals stranded in Europe on account of the hostilities. Upon the completion of this work he again returned to Washington.

Nineteen hundred and sixteen and nineteen hundred and seventeen found him in Haiti, where from April 1916 to May 1917 he was a director in the Haitian Constabulary, with the rank of colonel and inspector general.

When the United States entered the war he was ordered home and sent to Quantico, where as quartermaster of marine barracks he rendered great service in the construction and maintenance of that important post. He was promoted to the rank of lieutenant colonel in 1919 and in 1920 he resigned to enter private business.

On March 17, 1933, he was appointed Assistant Secretary of the Navy, which post he held until he passed away a few weeks ago.

He brought to his work as Assistant Secretary an understanding of naval problems and a deep sympathy with the aims of the service. He was one of them and they loved him. It was my high privilege, as the Representative of a naval district and as a member of the Naval Committee of this body, to see much of him in the course of my work with the Navy Department. I found him generous and ever ready to help. He was intensely interested in improving the naval service in every possible manner.

He faithfully discharged the duties of his office through the most trying times. We are indebted to him for a service which won the respect and admiration of all who knew him. The United States could ill afford to lose him. To his friends the loss is irreparable.

Mr. UMSTEAD. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I think the membership of the House owes much to the distinguished gentleman from North Carolina [Mr. UMSTEAD], who took charge of this bill as a pinch hitter for his colleague who became ill. The gentleman and his subcommittee have rendered splendid service in handling the measure and I am sure that not only all the members of the Committee on Appropriations, but the entire membership of the House appreciate their services.

Mr. Chairman, I desire to discuss for a few minutes the effects of a bill which we passed in 1923, known as the Reclassification Act. At the time this bill was before the House I then sounded the warning that Congress, by the passage of that act, was giving up its hold on the purse strings of the Treasury so far as the amounts of all salaries are concerned, and this warning has become true, in fact, by reason of the construction and manipulation of that measure. Sooner or later the Congress must repeal that act, and then fix salaries commensurate with the value of the service performed.

I called attention 2 or 3 years ago to the way it affected the Veterans' Administration. While there are some good law schools here, like Georgetown University and George Washington University, a lot of half-baked law colleges sprung up in Washington to grind out periodically a bunch of lawyerettes, who took law merely to increase their salaries under this 1923 Classification Act, and they never will be lawyers. I showed that $1,400 clerks in the Veterans' Administration, by getting a diploma from one of these so-called law colleges here, and getting the status of an attorney, although not prepared to try a case in court and never having been before a court to try a case, and without the knowledge or experience of being able to try a case efficiently, nevertheless became lawyers and automatically, under the act of 1923, their salaries were raised from $1,400 to $2,500, and then to $3,000 and $4,000 and $5,000 and $6,000, eventually, until at the time I checked it up 3 years ago and put their names in the RECORD, with the salaries they used to draw as clerks and the salaries they were then drawing as lawyers in the departments, there were 876 of these so-called lawyers then in the Veterans' Administration alone. I put in the names of several hundred of them who used to be $1,400 and $1,800 clerks, who, after getting their law licenses, drew salaries of $3,000 and $4,000, $5,000 and $6,000 a year apiece as half-baked lawyerettes.

This is the way this 1923 Reclassification Act has been debauched and used to defraud the Government with respect to every department and bureau of the Government. Check them up and in every bureau and in every commission and in every independent office and in every department of government you will find clerks who, through these so-called law colleges here, have secured law licenses and are called lawyers and have had their salaries raised two or three times to double and treble of what they really earn. I could give you a list of them that would astonish you.

I have carefully checked up this 1923 Reclassification Act with respect to the District government. Please get our hearings and see how salaries have been doubled and even trebled since 1923. Did you know you have the highest-paid officials in the District government of any municipal government on earth? Check it up with all of the comparable cities. They have all had their salaries here doubled and more than doubled since 1923. I put an army of them in the hearings last year, giving their names and positions and showing what salaries they drew before the 1923 Reclassification Act and the salaries they have drawn under that act since 1923. And still they do not seem to be satisfied with their tremendously large unearned salaries. They are seeking extra outside remuneration.

Let me mention one of the municipal court judges here in Washington. Do you know that they are the court of lowest jurisdiction and rank with the ordinary justice of the peace or county court judge in some of the States? It has the lowest jurisdiction of any court in Washington. They try civil cases only involving amounts from $1 to $1,000 which is the extent of their jurisdiction. They try no criminal cases, and yet these municipal judges of minor importance have succeeded in getting themselves graded under this 1923 Classification Act until they draw $8,000 a year, when, in a great majority of States of the Union, the circuit judges get only about $4,500 a year, and these circuit judges

in States have unlimited jurisdiction and try men for their lives and try cases involving property rights amounting to millions of dollars. One of the best lawyers here in Washington told me this morning that if Congress were to reduce the salaries of these municipal court judges to $2,400 not one of them would resign, and that in his opinion they would be adequately paid. Yet under this Reclassification Act of 1923 they draw $8,000 per year.

The judges here who compare with our State circuit court judges presiding over courts of record are called supreme court judges. The higher or appellate court here is called the court of appeals, and your judges on the Court of Appeals for the District of Columbia get salaries of $12,500 a year. Think of it. How many supreme court judges in your State back home get as much as $12,500 a year? They are not satisfied with $12,500 salaries. Some of them have to deliver law lectures to these law schools for additional pay.

Later on, when I get time, I am going to put in the RECORD the names of some of them who are now getting pay from these law schools of local universities.

There are nine judges of this Supreme Court, or trial court, of the District of Columbia. The membership of this court was formerly not so large, and has been increased from time to time since I have been in Congress the judges claimed they were overworked. Yet we have found out that for several years seven out of those nine judges, getting salaries of $10,000 a year, have been hiring themselves out to these so-called law colleges in Washington for extra pay.

One of them called me up the other day and intimated that "Congress cannot control us, we are Federal judges." I said, "If you are Federal judges we have a law already that controls you, because Federal judges cannot accept outside employment."

Reverting again to our municipal court judges who get $8,000 a year to do ordinary justice-of-the-peace work, we asked them to tell us whether they accepted outside employment, and what outside pay they received. One of them wrote in effect, "It is none of the business of Congress what we do after 4 o'clock." That is about the substance of what he said although he couched his contempt for Congress in diplomatic language. He contended that it was none of the business of Congress what he did after he got off the bench, but he would not tell us what college he was serving, or what outside pay he was getting.

Our committee brought him before us at a hearing, and I wish you could have heard the distinguished Republican member of our subcommittee, one of the ablest Members of the House, the gentleman from Pennsylvania [Mr. DITTER] [applause] during his questioning of this important judge.

I wish you could have heard him all through the examination of this judge. He twisted him up until the judge did not know whether he was "going or coming." [Laughter.] We ascertained finally that in addition to the $8,000 a year salary this municipal judge was drawing, he was also getting $800 a year for conducting a moot court at Columbus University; $500 for conducting a moot court for the National University; and $500 for conducting a moot court for the Howard University. That annually was in addition to the $8,000 salary he is drawing for running the municipal court in Washington.

The gentleman from Pennsylvania [Mr. DITTER] asked him if he did not think the people had a right to expect him when he got on the bench to have a clear mind and a rested body and not worked down by holding moot courts. He had the audacity to say it was very helpful to every judge to conduct such a court and come in contact with the young, embryo lawyers of the country.

We also had before us the acting corporation counsel of the District, Mr. West, who draws $7,000 as assistant corporation counsel for the city. We found out that in addition to getting $7,000 a year salary, he is teaching in the National University as an instructor in law. In addition to teaching there, he is appointed on the examining and grievance committee to examine lawyers. He not only teaches them but examines them to see whether they are good lawyers.

For that he admitted that he had already this year received $939, and he expected another division of fees for this fall's examination of about $900. He did not stop there. In addition to that, he said that he had been appointed by one of the judges on the bench here as a receiver in a case involving assets of $45,000 and that the usual receivership fee was 5 percent of the valuation of the property. So that 5 percent of $45,000 would be divided between him and his coreceivers. He receives $7,000 salary as assistant corporation counsel, and a salary for conducting the law school and $900 for examining lawyers and then the receivership fee on top of it. All Members of Congress had better quit sitting in this House of Representatives and get a job on these municipal and police court benches here if we want to make money. We could double our income if we could get out of Congress and get on one of these little municipal or police courts here.

That is not the main vice of it—this accepting of outside employment. I will show you what the main vice is. Do you know that in that corporation counsel's office we showed by him yesterday that if vacancies were filled they would have 19 lawyers—the corporation counsel and 18 assistants—and I guarantee to you that outside of New York and possibly 2 other States there are 45 States in the Union that have not as many lawyers in their attorney general's department as does the District of Columbia in its city attorney's office. I guarantee to you there are 45 States in the Union the personnel of whose attorney general's office, from the attorney general down to the lowest assistant, do not get salaries comparable to the salaries paid these assistant corporation counsel here in the District of Columbia. Here is a list of them and their salaries: Corporation counsel—now vacant—salary, $9,000.

List of assistant corporation counsel

	Salaries
Vernon E. West, principal assistant corporation counsel	$7,000
Hinman D. Folsom, special assistant corporation counsel	6,500
Walter L. Fowler, assistant corporation counsel	5,800
Elwood H. Seal, assistant corporation counsel	4,600
Chester H. Gray, assistant corporation counsel	4,600
Edward W. Thomas, assistant corporation counsel	4,000
Rice Hooe, assistant corporation counsel	3,800
William H. Wahly, assistant corporation counsel	3,800
(Vacant) assistant corporation counsel	3,600
T. Gillespie Walsh, assistant corporation counsel	3,600
Stanley DeNeale, assistant corporation counsel	3,300
Raymond Sparks, assistant corporation counsel	3,200
George Darrell Neilson, assistant corporation counsel	3,200
Edward M. Welliver, assistant corporation counsel	3,200
James W. Lauderdale, assistant corporation counsel	2,600
John O'Dea, assistant corporation counsel	2,600
Mr. Fee, junior attorney	2,600
W. J. Hogan, junior attorney	2,000

Show me the States that have more attorneys, with larger salaries in their attorney general's department of state, than are paid the city attorneys of Washington.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. UMSTEAD. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BLANTON. With your permission, later on I shall put into the RECORD a list of these many embryo so-called law colleges here that are grinding out these half-baked lawyerettes every month or two, and I shall show you the effect it has on the pay roll of the Government of the United States in all of its bureaus and departments.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. COX. With regard to the statement of the gentleman as to what he will insert in the RECORD, I have a feeling that the House ought to be indulgent and offer all possible encouragement to the gentleman and his committee, because they have to take the abuse of everybody in Washington with a grievance against the Congress. While the gentleman and his committee may sometimes find themselves discouraged in the thought that the House is not fully appreciative of their labor and is not giving them full support, nevertheless what the gentleman and his committee have done has

brought information to the House which I believe has created a sentiment that will support any proposal the gentleman might bring here looking toward the reform of the municipal government of the city of Washington.

In other words, speaking for myself, I have never been able to justify in my own mind the taxing of the people in the outlying area of the country for the support of the municipal government of Washington, and I believe if the gentleman can ever present the issue to the House the House will take action which will in effect wipe out all this Federal contribution we have been making for many years to the support of the municipal government.

Mr. BLANTON. I thank the gentleman for his contribution.

Mr. COX. There is not a great city in the country but would be glad to duplicate the entire governmental establishment we have here in Washington as an inducement to have the seat of government located in its midst. If it were not for the Government, the city of Washington would hardly be more than a crossroads town. The gentleman has the support of the country and, I think, this House in this fight he is making.

Mr. BLANTON. I thank the gentleman.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. DONDERO. For one who sits on this side of the aisle, I have always recognized the tireless energy of the gentleman from Texas. Was there any evidence as to the volume of work imposed on the district attorney's office as compared with an attorney general's office in a State?

Mr. BLANTON. In reply to the question asked by our distinguished colleague from Pennsylvania [Mr. DITTER], the acting corporation counsel said they were completely up with their work. They are completely up with their work and yet are always asking for an assistant down there, and put on two extra without authority from Congress, and still are teaching on the side, selling their services to law schools here. Why, there is one fellow down there practicing law, and he said that he takes care of all his clients, practicing on the side. We want to stop that and we are going to call on the House to help us stop it.

Mr. DONDERO. Does the gentleman mean that he is drawing a salary from the district attorney's office and still practicing law on the outside?

Mr. BLANTON. Yes.

Mr. DONDERO. In addition to that?

Mr. BLANTON. Yes. I mentioned also that the chief assistant, Mr. West, is getting a $7,000 salary, and gets pay for teaching in a law college, and is engaged in a receivership case which involved $45,000 worth of property, and also gets $900 twice a year on a law committee. I do not believe that a judge on a bench ought ever to engage in any outside business or engage in the sale of his services to anybody else. I was on the circuit bench for 8 years, and it took every moment of my time to properly discharge the duties of my office.

I did not have time to go out and act as receiver. I did not have time to go out and practice law. I did not have time to go out and lecture to a university law school. I did not have time to pass on examination papers for twice $900 a year. It took every minute of my time while I was on the circuit bench for 8 years to discharge my duties.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and put in some informative data that I expect to use.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to revise and extend his remarks in the manner indicated. Is there objection?

There was no objection.

Mr. McLEOD. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, I want to call to the attention of the membership of the House the Navy Department appropriation bill which we have before us this afternoon. The principal thing to which I want to direct attention is the increase in this appropriation this year over what it was a year ago. If the figures have been correctly given to me by the chief clerk of the Committee on Naval Affairs, the appropriation last year was $460,421,879. The appropriation asked in this bill at the present time is $532,785,807, or an increase of $72,363,928.

I do not know whether this is the beginning of a naval race, as far as a building program is concerned, or not. It evidently looks like it, however.

I want also to call your attention to the fact that the War Department appropriation last year was $422,896,470. This year the appropriation as it passed the House was $543,341,506, or an increase of $121,445,036. A great increase.

Mr. UMSTEAD. Mr. Chairman, will the gentleman yield?

Mr. RICH. I prefer not to yield until I give my statement with reference to the expenditures, and then I will yield to the gentleman if I have time.

Now, we have increased our appropriations very, very materially. We talk peace and prepare for war. In round figures, the appropriations for war have been increased over $300,000,000 over last year. I want it distinctly understood that I am in favor of adequate protection, but I have never been able to find anybody who could define that word. It is left to the discretion of the individual Members of the House to determine just what "adequate protection" means. I assure you that I will be the last man to vote for a war of aggression. I will take a great many insults, I might say, from foreign people before I would want to embroil our country in war, because I do not believe any question can be satisfactorily settled by taking up arms and trying to kill off the people of this world in order to settle a dispute.

I want to call the attention of the majority Members to a statement made by the majority leader, Mr. BANKHEAD, on yesterday, when he stated before this House that he was in favor of cutting down Government expenses. I want to call to the attention of the majority leader as well as the members of the various committees on the Democratic side of the House who have the influence to determine the legislation that is to be passed by this body, that you have increased the appropriation bills this year as follows:

The Department of Agriculture appropriation bill over $14,000,000; independent offices, over $75,000,000; Department of the Interior, over $4,000,000; Treasury and Post Office, over $29,000,000; State, Justice, Commerce, and Labor, over $8,000,000. Now remember the increases for the Army and the Navy.

In other words, in round figures, about $325,000,000 increases in appropriations this year by the House of Representatives over what they were a year ago.

I want to call the attention of the majority to the fact that in the Senate at the present time every one of the bills under consideration has been materially increased. A number of those bills are in conference at the present time. They are coming back to the floor of this House and the conferees will ask you to approve them. What are you going to do? The responsibility rests on this majority party. You can see by the votes in the last few days that when the orders come down the Avenue for you fellows to crack into line and put a certain bill through, like you did the tax bill yesterday, and such a ridiculous bill as it was, that you whip into line practically a hundred percent. That responsibility is yours, and you have to face your people back home when it comes to that.

Now, I want to call the attention of the Democratic Party to plank no. 1 of your platform:

> The Democratic Party solemnly promises, by appropriate action, to put into effect the principles, policies, and reforms herein advocated; and to eradicate the policies, methods, and practices herein condemned. First, we advocate an immediate and drastic reduction of Government expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance to accomplish a saving of not less than 25 percent in the cost of Federal Government; and we call upon the Democratic Party in the States to make zealous effort to achieve a proportionate result.

You also promised to balance the Budget. I wonder whether the members of the Democratic Party know what they are doing. The President of the United States said, "I stand by this platform and am for it 100 percent." The chairman of the Democratic National Committee, James A. Farley, who is also Postmaster General, and who is also State chairman of the Democratic Party of the State of New York—holding triple offices—also stands on that platform. I wonder whether that man even knows who the President of the United States is? [Laughter.] He promised economy, and he evidently does not know the meaning of the word.

I am going to quote to you from Mr. Farley. Speaking over a Nation-wide hook-up, Chairman James A. Farley, of the Democratic National Committee, on the night of November 9, 1932, the night after the Presidential election, said:

> You may be sure when Franklin D. Roosevelt makes a promise to an individual or to a Nation that promise will be fulfilled, for he makes none beyond his power to make his pledges come true. He is pledged to an economical and an efficient government of our national affairs. He will choose nobody incapable or unwilling to conduct the Government on that basis.

If Jim Farley knew who the President was in 1932, I wonder if he would recognize him if he walked past him on Pennsylvania Avenue knowing the promises contained in the Democratic platform and comparing them with actual results?

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. RICH. I cannot yield until I have finished this financial statement; then I will yield.

The results and the promises are as far apart as the North Pole is from the South Pole, as daylight is from darkness, as far apart as any contrast you may choose to make. Are we going to continue in this same direction? The President of the United States said on January 3:

> We are approaching a balanced Budget.

If anything was ever ridiculous, in my judgment, that is it. He knew better when he made the statement. If he would only refer to the daily statement of the United States Treasury, Mr. Morgenthau, Secretary of the Treasury—and I hold in my hand the one for April 24, 1936; I have referred in the past to the one for January 3, 1936—the President would know that his statement was not at all correct. I call your attention in this statement to the fact that the total receipts of the Federal Government for the year up to the present time is $3,294,634,000, the total expenditures are $5,874,203,000, the excess of expenditures over receipts is $2,579,529,000. I also call your attention to the fact that the national deficit at the present time is $31,436,531,000, in round figures, there being some odd dollars. On top of that, you must add $2,000,000,000 due to devaluation of gold that was spent and charged off the statement. This is an astounding figure, an astounding burden you are putting on the youth of this country when we today say we are not capable of shouldering it. How can they?

I have said before—I say it again—that we Members of Congress may not be fools, but we certainly do the things that fools would do. If anything is tending to wreck this Nation financially, this administration is doing it. I even had a Member of Congress say to me yesterday, and he is a Democratic Member, too: "I believe that the President of the United States has designs on trying to change our form of Government." I think the man was right; I think the man was sincere when he made that statement. I know this sentiment has been expressed not only by Republicans and Democrats in the House of Representatives, but by many people on the outside. I believe it; I believe it, and I have no hesitancy in saying so. I did not ride in here on President Roosevelt's coattails and do not need to apologize to him or anybody else for making the statement I just made. If I thought the man was honest, I could probably forgive him because he is so dumb, but if he is so dumb he cannot see the things that he is doing, and that he is trying to wreck our form of government, then I think it is time for the American people to wake up.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. RICH. I have a lot of things I want to say about this. I want to try to get the people of the country to realize what we are doing. I do not want so much the people of this country to hear me as I want the membership of this House to hear me. This is a serious, solemn time in the history of this Nation, most serious.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. RICH. I cannot yield.

Mr. FOCHT. The gentleman mentioned a change in the form of government. Just what form of government does the gentleman think he has in mind when he said that? Let us know the full scope of this matter.

Mr. RICH. He is directing us toward a Russianized soviet union of states, if I know anything about it. He is the dictator at the present time, but we are going beyond the point of dictation. We are going to get to the point where all the freedom of the American people is going to be lost. In 1776 we fought, for the freedom of America, the War of Independence. The ultimate object was freedom. The enlightened people of America say: "Oh, we will never stand for a Russianized form of government; we are too bright, too intelligent"; but I am telling you and the other Members of the House of Representatives that some of these days this thing is going to crush in on you, and it is going to wind you up so quick that you will be ground under the foot of a dictator. It will be most shocking to every Member of this Congress, because he has had a part in the legislation that was passed in the last 2 or 3 years, and you will all wonder why we have been so doggoned dumb as to pass a lot of this legislation. I am glad I voted against most of it, especially every act that has been declared by the Supreme Court unconstitutional.

Mr. BLANTON. Will the gentleman yield?

Mr. RICH. I cannot yield to the gentleman from Texas. I would have to yield first to the chairman of the committee. I am not going to yield to anyone until I yield to the chairman. Mr. Chairman, I am not going to yield this floor until I get all of this out of my system.

Mr. BLANTON. The gentleman would not refuse to yield to a pal, would he?

Mr. RICH. I am not going to yield to the gentleman from Texas; however, I have heard him condemn the things that are being done at the present time, and I do not want him to help me out, because Mr. Roosevelt might go down in his district and try to defeat him. He is too valuable a man to defeat. I want him to stay here to try to cut down Government expenses. [Applause.]

Mr. BLANTON. Will not my pal yield to a question?

Mr. RICH. The gentleman is too valuable a man, and I do not want to get him into trouble because of anything I may say. I will protect you from Mr. Roosevelt and Jim Farley.

Mr. BLANTON. Let me ask the gentleman just one question.

Mr. RICH. Mr. Chairman, I decline to yield.

Mr. Chairman, what would have happened if we had joined the League of Nations? You can see what has happened to the League of Nations in the past year when Italy defied the League and went down there in Africa to conquer Ethiopia, a little country in the northern part of Africa. If we had become a member of the League of Nations, we would be compelled to use this Navy for which we are appropriating money in this bill to go over there and defend those countries in Europe. We would probably have to spend three or four times as much money to build a bigger Navy. We would have to go over to those people and get involved in another world war, and we hope they will not become involved in a war over there. But in the meantime little Ethiopia must submit. Why? Because the League of Nations states they are powerless to do anything. If we were a member of the League of Nations, you can see how vital it would be to this country. We would either have to back down or we would have to go over there and fight a war. And what for? Why, to prevent Italy from conquering that little country, Ethiopia. You will remember the treaty that was made a few years ago, what we called the 5-5-3 ratio so far as the building of battleships was concerned. This treaty involves

England, Japan, and the United States. Well, Japan said, so far as the treaty was concerned, they were not going to abide by it, and started out to build battleships and cruisers. Consequently, they withdrew. England has started to build more battleships. What are we doing? We are now trying to follow the course of England and Japan by increasing our Navy. A naval race has started. What for, peace or war?

Mr. Chairman, if we were honest and conscientious in our endeavor to keep down governmental expenses, if we were sincere in trying to protect our shores, we would not do what is sought to be done by this naval appropriation bill. We are cutting down appropriations for aviation instead of increasing them, and we are increasing the appropriations for the building of battleships instead of cutting them down.

[Here the gavel fell.]

Mr. McLEOD. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. DITTER. Will the gentleman yield?

Mr. RICH. No; I have a lot more I want to say.

Mr. Chairman, if we wanted to protect our own shores, we would increase the appropriations for aviation. We would not increase the number of battleships. Why do we want these big battleships costing forty or fifty million dollars? Just so we can take our soldiers over to foreign shores to fight in foreign countries. We do not want to do that. We should protect our American shores; therefore we ought to increase our appropriations for aviation so that we can protect the Americans here at home. That is the thing that ought to be done. Protect our own shores from aggression by a foe, stay at home and attend to our own people and our own business, and we will have plenty to do. Let us be a peaceful nation. Be a friend to all the world.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield the gentleman 1 additional minute if he will yield to me for a question.

Mr. RICH. Mr. Chairman, in fairness to the chairman of the committee, I would have to yield to him, and if I had only 1 minute, I could not yield.

The CHAIRMAN. The gentleman declines to accept the time.

Mr. UMSTEAD. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Chairman, on April 2 the gentleman from New Jersey [Mr. LEHLBACH] addressed us on the evil of permitting our Postmaster General to act as National Democratic Chairman, and also upon an alleged spoils system adopted by the present administration.

In the record of the Republican National Committee the titles of vice chairman and acting chairman are so frequently used, and real chairmen are so well camouflaged by dummies, that the real chairman is hard to locate. However, it is very apparent that Postmaster Generals Payne, Cortelyou, and Hays at some time during their incumbency were chairmen of the Republican organization.

But is there any honest man who will deny even to himself that when Harry New and Walter Brown were Postmasters, and Harry Daugherty was Attorney General, they were not in truth and in fact the directing executives of the Republican organization?

These precedents are not given as a reason for the appointment of General Farley as Democratic Chairman. It will be a very hopeless day for this Republic when the Democratic Party models its governmental policy and shapes its ideas of public service after the conduct of the gentlemen who occupy the saddle whenever the Republican Party is in power.

The fact is that good public service occasionally requires that the National Chairman be given a fairly lucrative public position. Political chairmen are not orchids; they cannot gather sustenance from the air; they must have a substantial reliable means of support; and with this in mind, a party must choose for its chairman a man from one of three types:

First. One of sufficient wealth to have unlimited leisure.

Second. One who will obtain his livelihood either from private bribes, Government contracts, or from contributions to his party organization.

Third. One publicly and frankly on the governmental pay roll.

If we take the men of wealth and leisure, the unavoidable tendency will be to shower governmental favors on the social class of the party chairman.

If we require our chairman to get his pay either directly or indirectly from private sources, experience and common sense tell us that such contributions are seldom made from patriotic motives.

While the third choice—of putting our party chairman on the governmental pay roll—has its disadvantages, at least it reduces temptation to a minimum, while legal contracts with the Government are impossible. Such a public officer is also subject to exceptional public scrutiny because of an opportunity for making political capital out of his mistakes. This stimulus to efficiency should more than offset the time consumed in political activities.

POSTMASTER GENERAL FARLEY'S RECORD

The record of Postmaster General Farley gives no evidence of impaired public service. The last full year of Republican control—1932—showed a postal deficit of $153,000,000. The first full year of Democratic control—1934—showed a postal surplus of twelve million, although the postal receipts were $1,400,000 more in 1932 than in 1934.

Mr. LEHLBACH and Mr. KNUTSON rose.

Mr. HARLAN. I yield to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Does the gentleman know that two different systems of bookkeeping were employed by the Postmaster General under the Hoover administration and Postmaster General Farley, and does he not know that Postmaster General Farley charged off all franked mail and other services of a similar character which were included in the report of the Hoover Postmaster General?

Mr. HARLAN. In 1930 the method of accounting in the Post Office Department was changed by act of Congress (U. S. Code, ch. 39, sec. 793). At that time the franked mail and the different subsidies were taken off of the charge of the Post Office Department, but identically the same method of accounting whereby a Republican deficit of $153,000,000 was created in 1932 was used in 1934, when the Democratic surplus was realized.

I cannot yield further now, unless the gentleman can disprove that statement.

Mr. LEHLBACH. The gentleman is mistaken.

Mr. HARLAN. If the gentleman will investigate he will find I am not mistaken and that the change was made in 1930.

Mr. LEHLBACH. Yes; those items were segregated in 1930, but were not subtracted at that time.

Mr. HARLAN. Unfortunately the gentleman is wrong. The gentleman is usually so eminently correct in his statement of fact and even in his deductions when partisan politics are not involved that I regret his error here. He is merely repeating some false propaganda manufactured by the Republican committee. One short glance at General Brown's report in 1930 will show him that all such items, amounting to $40,000,000, were then subtracted and have been so ever since.

Again in 1935, after all salaries had been restored and drop-letter rates reduced one-third, a postal surplus of nearly $5,000,000 was recorded. These two surpluses have been the first ones in the Postal Department since the last Democratic administration of President Wilson, and they follow 12 years of Republican maladministration, when postal receipts were at their highest. In 1930, with receipts at a peak of over $705,000,000, our taxpayers paid a tribute to Republican inefficiency and/or corruption to the tune of a $58,000,000 net deficit, or $98,000,000 gross.

Yet the gentleman from New Jersey 4 years ago with equal zeal pointed with pride to the achievements of that administration and now views the present one with alarm.

PUBLIC INDIFFERENT TO POLITICS

Mr. Chairman, the overwhelming majority of our citizens are not interested in such flapdoodle. There are those who criticize this administration because they seek political suc-

cess for themselves. There are those who literally hate this administration because their style of playing the game has been somewhat cramped. There are those who by temperament fear the untried and constantly seek to hold back the sands of time.

Outside of these groups, criticism of this administration, even when based on facts, as it occasionally is, falls on deaf ears. They cannot hear the criticism because of the crescendo of accomplishment. They are proud of our President, his courage to try, his human touch, and the achievements of his Cabinet.

CIVIL SERVICE UNDER DEMOCRACY

The sensibilities of the gentleman from New Jersey are deeply offended by an imagined disregard of civil-service requirements. He says:

For the first time in half a century of civil service, protected employees in the regular departments of the Government have decreased instead of increased.

The truth is that the number of civil-service employees has actually increased instead of decreased during this administration; and if the number had decreased it would have been but one of 12 such events in the last half century. One of these decreases was from June 1932 to June 1933, 8 months of which were under Hoover, where 11,000 classified employees were discharged.

The best available estimates and figures show that our present classified employees exceed 459,000 as against 456,000 in June 1933, an increase of over 3,000 instead of a decrease, as alleged.

Mr. KNUTSON. Will the gentleman yield?

Mr. HARLAN. I yield.

Mr. KNUTSON. When did they raise the postage to 3 cents?

Mr. HARLAN. Under President Hoover, and it remained at 3 cents until 1934, when we reduced it to 2 cents for drop letters.

Mr. GIFFORD. Will the gentleman yield?

Mr. HARLAN. Yes.

Mr. GIFFORD. The gentleman has in mind the crippled service, especially in rural-district post offices.

Mr. HARLAN. Of course, there have been some anti-administration communities that have complained.

Mr. GIFFORD. Is not the gentleman aware of the order of the Postmaster General to close up these country post offices which have been closed?

Mr. UMSTEAD. I yield the gentleman 5 minutes more.

Mr. WEARIN. The gentleman is aware of the fact that the Post Office Department has been maintaining small, unprofitable post offices in some sections of the United States for political purposes, and the order of the Postmaster General was to eliminate those that were losing money, for the public interest, but he gave the same service through rural routes.

Mr. HARLAN. That is certainly true. Many rural offices were closed and better service given by putting them on rural routes. General Farley has lengthened those routes to take them out of horse-and-wagon age, recognizing that we now have automobiles.

It is true that from 1933 to 1934 the classified employees decreased in number 5,500, but let us recall that during that year the Post Office Department turned a deficit of $53,000,000 into a surplus of twelve million. This was partly done by reducing personnel by 17,000. This reduction was made, not to create spoils, as the gentleman's innuendo would indicate, but to effect an economy.

He states that all appointees of new agencies are outside of civil service. Either by act of Congress or through Executive order practically all positions in 13 of these agencies are now under civil service:

The Securities and Exchange Commission, the Federal Communications Commission, the Railroad Retirement Board, Bituminous Coal Commission, Motor Carrier Bureau of the Interstate Commerce Commission, Social Security Board, Labor Relations Board, Public Utility Regulation, Soil Conservation Service, Collectors of Cotton Statistics, Alien Property Custodian, Farm Credit Administration, United States Railroad Administration, and certain positions in the C. C. C. camps.

Three others, the Federal Housing Administration, the Tennessee Valley Authority, and the Resettlement Administration, are getting large numbers of employees from the civil-service lists; a third of the A. A. A. employees came from civil-service registers, and the Home Owners' Loan Corporation and Tennessee Valley Authority conduct their own examinations on a plan that will compare favorably with the civil service.

The gentleman complains that some of the departments have required congressional recommendations before making appointments. This is true as to a part of those appointments made outside of a civil-service or other examination. However, is there a sane executive, governmental or otherwise, anywhere that would not require his chief appointees, at least, to be sympathetic with his aims and purposes? That is just horse sense.

But to say that these clearances were solely on political lines is pure nonsense. In my district, the Third Ohio, one of the candidates for the Republican nomination for Congress was for some time employed by the Agriculture Department.

This condition is so uniform throughout the country that both in the Democratic congressional caucus and in our political organizations throughout the country there has repeatedly flared up so much resentment against the flood of Republican appointees as to reach the proportion of a revolt.

No higher proof of the nonpolitical character of these appointees is needed, also than the sub rosa and bitter complaints of Republican politicians that these appointments are undermining their own party by converting reactionaries into liberals. Congressional recommendation—yes, to determine the applicant's sympathy with the purposes of the position sought but not for political spoils.

The gentleman charges that barely more than half of our nonmilitary employees are under civil service. The best available figures show 57 percent classified. His inaccuracy there is pretty good for an election year.

However, Mr. Chairman, that low figure is obtained by including all the temporary employees of the different relief agencies, which, under present law, will soon be released. If these are eliminated the ratio of civil service to nonclassified employees would reach 70 percent, and, as shown before, is rapidly growing.

Democracy brought civil service into being after a 20-year battle with Republican carpetbagging, spoils, and corruption. No one with any true Democratic blood in his veins can help but regret the dire necessity that required the temporary partial setting aside of the civil-service system.

What was that necessity? The urgent and immediate need of relief. These administration agencies not only functioned to bring relief, but the individuals employed by the agencies themselves were taken from the unemployed.

To have thrown all of this employment under the civil service would have meant the practical creation of one more huge governmental agency and tragic delay. It would have meant employment entirely on the basis of merit, when need was the paramount issue. It would have meant employment by State quotas, when need did not follow State lines. It would have placed an arbitrary age limitation to all applicants when need recognized no such factors. It would have required all employees in the same classification to receive the same pay, when necessity required the spreading of employment to as large numbers as possible, with less pay in the emergency agencies than the regular establishments.

In short, to have complied with civil-service regulations and at the same time fight the depression in 1933 were wholly incompatible.

But those days are over. The civil service is being rapidly restored to its proper status and will remain so unless some succeeding Republican administration does as did President Harding—start it in reverse purely for political purposes.

History will record the Republican Party as one of the greatest enigmas of American institutions: Born of a love of human freedom, cradled in the highest idealism, composed of millions of our finest citizens, and given power when a combination of natural and economic forces irresistibly thrust prosperity upon us. Every element in its background and environment was favorable to an unblemished record.

Yet practically the only time its leadership has ever achieved the virtue cherished by its founders and professed in its preelection platforms is when it is out of office. From the terror and corruption of reconstruction days to the latest air-mail subsidy scandal, its leadership has taken to itself every sordid act of governmental debauchery recorded in Federal annals.

Nevertheless, it has continued to perpetuate itself in power because of the skillful dissemination of the legend that it was the cause, rather than one of the effects, of our phenomenal prosperity. For the fleshpots our people have been willing to vote away their heritage. From 1929 to 1933, however, this prosperity legend was most thoroughly deflated. If the Republican leadership is again able to befuddle its former supporters into a renewal of confidence, it will not only remain an enigma—it will be an outstanding example of a modern miracle.

There was once a turtle who walked this earth in great complacency. His only interests were of the flesh, and he was not disturbed about the pains or wants of others. His eyes were constantly turned toward the clod and food. A great barometric depression came, followed by a storm. A strong gust of wind blew this turtle on his back. He struggled and wriggled for hours to right himself, but to no purpose. The storm subsided, the sun set, and the stars began to blink. For the first time this turtle beheld the beauty of the firmament. In wonder and awe he ceased his struggle. He lay until morning looking at the stars, regretting his wasted past. He even became thankful for his misfortune.

Then a swollen freshet reached this turtle and washed him again aright. Once more he resumed his complacent walk, grumbling of Nature's extravagant waste of water, happy in his rugged individualism; indifferent to the pain or wants of others, forgetful of his moral rebirth in adversity, ungrateful for his deliverance.

Turtles have been that way ever since. [Laughter and applause.]

Mr. McLEOD. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. DONDERO].

GREAT LAKES-ST. LAWRENCE SEAWAY

Mr. DONDERO. Mr. Chairman, on the 11th of March 1934, a very important national and international project received a congressional anesthetic in this Capitol and for more than 2 years it has been sleeping among the forgotten names.

By a vote of 46 to 42, the Senate of the United States failed to ratify or approve the proposed treaty with the Dominion of Canada for the completion of the Great Lakes-St. Lawrence waterway. That action removed, at least temporarily, the dream of two friendly nations from the stage of public attention.

Its defeat has been a disappointment to the hopes of millions of people living in the interior of the United States and Canada.

For more than two centuries this subject has attracted their attention and stirred their vision. For more than 30 years it has held their interest in its planning.

My purpose in addressing the House today is to call to the attention of this body and the people of our country this forgotten but most vital national question.

When the Supreme Engineer of the universe determined to create the greatest fresh-water seas on this globe He placed them near the center of a great continent and connected them by a single highway 1,000 miles long with the oceans of the world—the St. Lawrence River. So generous has been the Great Builder to mankind that he left it to the children of men almost wholly unobstructed and unimpaired.

The completion of the St. Lawrence seaway is a subject of absorbing interest to two friendly governments. Two nations whose people speak the same language and read the same Bible, whose national aspirations and economic problems are much the same. Two nations which have maintained for over 100 years an international boundary or frontier more than 3,000 miles in extent without a fort, without a gun, without a soldier, and without even as much as a suspicion. Nowhere else in the world does a similar situation exist.

If a link of track 48 miles in length of one of our transcontinental railroads was obstructed by grade or rock, if a section 48 miles long of the Lincoln Highway was washed out by flood, which made it impassable for through traffic, a way would be found at once to remove the rock from the railroad and replace the concrete on the highway to make them safe and passable for all purposes.

That is substantially the situation that exists relative to the Great Lakes-St. Lawrence waterway. The connecting channels and harbors of the Great Lakes are to be deepened to 27 feet to conform to the depth of the seaway. Most of this work has been done. Canada has completed the Welland Canal at her own expense, costing $128,000,000.

The project has a number of objectives. The President pointed out in his message advocating the treaty that navigation and power were the two main considerations. There are other benefits. Forty million people living in that mid-continent area would be liberated from land-locked transportation and given the right to "go down to the sea in ships."

The great need of cheaper water transportation would advance the economic welfare of the Nation; it would aid the farmers, recapture our export trade, provide employment, and make possible cheap rural electrification in New England and northern United States.

President Roosevelt in his message to the Senate said (CONGRESSIONAL RECORD, Jan. 10, 1934, p. 338):

> I am convinced that the building of the St. Lawrence seaway will not injure the railroads or throw their employees out of work; that it will not in any way interfere with the proper use of the Mississippi River or the Missouri River for navigation.
>
> I have not stressed the fact that the starting of this great work will put thousands of unemployed to work. I have preferred to stress the great future advantages of our country, and especially the fact that all of us should view this treaty in the light of the benefits which it confers on the people of the United States as a whole.

Statistics show that river and harbor work yields 76 cents out of every dollar to the laboring man.

Twenty-three States have endorsed the undertaking. Every board and commission designated by the two Governments to examine and study the problem has reported favorably for its construction.

The people of the Nation have a right to ask, Does the saving and advantage of the waterway justify the cost? Its cost is to be borne equally by the two Governments, and the amount has been estimated by the engineers at $540,000,000, or $270,000,000 as the share of each.

From that sum may be subtracted $89,000,000 proposed to be paid by the State of New York for power rights, leaving $181,000,000 to be paid over a period of 10 years—being the estimated time to complete the work—or about $18,000,000 a year.

This is not a political question. President Hoover and the Republican Party were committed to the plan. President Roosevelt has advocated its completion.

We must justify the cost or the venture is unsound economically.

The average of all estimates of new tonnage available to the seaway is 20,000,000 tons. The total tonnage of the United States in 1935 was 414,000,000 tons, of which 91,000,000 tons moved on the Great Lakes, or 22 percent of the Nation's water-borne commerce.

If the United States hopes to recapture its export grain market, it must meet competitive world prices. The States of the upper Mississippi Valley include the world's greatest food-producing region. It is the granary and flour barrel of the Nation. It is a thousand miles from the sea. Russia's grain area is 300 miles from Odessa, Rumania 200 miles, and the Argentine 300 miles from point of export. It is obvious

that we cannot compete with other grain-producing nations of the world because of the far-removed location of the point of production from ports of shipment by water.

From Chicago to Buffalo is found the busiest maritime commerce in the world. Although a thousand miles from seaboard, the commerce up the St. Lawrence River has made Montreal the second largest seaport on the Atlantic. Nearly 125,000,000 tons of water-borne commerce originate on the Great Lakes annually, and in one season 100,000,000 tons passed through the Detroit River. That was more commerce in tonnage than passed through the Panama Canal in the first 9 years of its existence.

In a single season, 1928, the number of ships that passed through the locks in the St. Lawrence River equaled one for every half hour night and day, Sundays and holidays, and exceeded 8,000,000 tons.

No one can accurately measure the benefits that will accrue to the cities, and also the States, of the Great Lakes region and the interior of the United States when ocean and Lakes are brought together by the completion of the seaway. Lake ports will become ocean ports and 85 percent of all the ships of the world may, and I believe will, become friendly visitors of trade. The result will be that the farmer and the industrialist of a landlocked empire—the Middle West—can compete on a basis of nearer equality with their seaboard competitors and 40,000,000 people can buy and sell in the markets of the world at the lowest cost of transportation.

The people have a right to know whether or not the cost of the seaway can be justified and whether its completion is a sound business venture.

Today the largest industry in the United States is the automobile industry, with the manufacture of more than 80 percent of all cars centered in the State of Michigan, most of which is located in or near Detroit and some of it in the district which I have the honor to represent. Based on a 5-year average, it has been estimated that 375,000 cars could be exported annually at a saving of $42.50 per car, or $15,000,000 annually; a saving of 10 cents a bushel on wheat; a saving of $10 per ton in the shipment of meats, lard, and dairy products; and $5 per ton on steel could be realized.

The Chicago Tribune, September 25, 1932, said in its editorial:

> If the St. Lawrence seaway is built, it is altogether probable that it would permit economies in manufacture and the transport of paper which might amount to as much as $3 per ton on the 100,000 tons of paper which the Tribune consumes each year. The building of the waterway would mean an annual increase in the net profits out of this newspaper of $300,000.

In the State of Wisconsin exists a very large manufacturing concern, makers of plumbing and bathroom supplies. It imports large amounts of ball clays and china clays from England. On 11 shiploads the net savings in cost of transportation was $89,000. The ships were small enough to navigate the 14-foot locks in the St. Lawrence. If they were 30 feet the economic utility would be much greater.

The world's largest independent producer of automobile engines is located in Michigan. To ship by rail one of its engines from Muskegon, Mich., to San Francisco costs $4.57 per 100 pounds. The rate via Philadelphia to San Francisco is $2.80 per 100 pounds—a difference of $1.77, or 38.6 percent. The rail rate from Philadelphia to San Francisco is $1.60 plus 2 cents wharfage. The water rate is but 46 cents per hundred more to ship an engine 6,000 miles than it costs to ship the same engine 796 miles by rail.

The saving on agricultural and manufactured products exported would also apply to all commodities imported.

The States tributary to the waterway furnish the following portion of our commerce: 44 percent of our meat exports, 18 percent of our flour, 42 percent of our farm machinery, 17 percent of our iron and steel, 65 percent of our imports of crude rubber, 33 percent of our imports of coffee and tea, and 60 percent of our imports of pulpwood.

The merchant marine of the world consists of about 9,400 ships; two-thirds, or 6,300, have drafts of 25 feet or less. There are three kinds of vessels—cargo ships, combination freight and passenger ships, and tankers. Of these, 6,800 are freight ships, 1,400 combination freight and passenger ships, and 1,200 tankers. Ninety percent of the freighters could use the seaway; 90 percent of the tankers and 70 percent of the combination freight and passenger ships could also make use of it.

The official summary of the report of the Corps of Engineers says (CONGRESSIONAL RECORD, Jan. 31, 1934, p. 1659):

> In estimating the savings on other commodities the average saving per ton on the typical commodities was used. It was realized that the navigation season on the St. Lawrence would be about 8 months per year and a reduction of about one-third in the potential tonnage was arbitrarily made for this reason.
>
> The figures, as reduced, were found to indicate an export tonnage of 7,471,500 tons, with an indicated saving of $44,810,923. Similarly import tonnage was estimated at 5,742,333 tons and the savings on the movement at $34,082,207. * * *
>
> Comparison with the important ship canals of the world, including the Manchester, Kiel, Suez, Panama Canals, and the North Sea Canal to Amsterdam, in terms of length of restricted navigation, depth, bottom, width, and locks, shows that the proposed seaway is completely practical for navigation by ocean cargo vessels. The completed seaway from Duluth to the Atlantic Ocean will provide a waterway in which vessels may move with unrestricted speed over approximately 97 percent of the total distance.

Through the years the interior of the country has not complained about paying $53,000,000 to make Philadelphia a seaport, 101 miles inland; $35,000,000 for New Orleans, 110 miles inland; $58,000,000 to improve the harbor of New York; $102,000,000 for flood control in the Mississippi Valley—and many millions more are now being asked for flood control.

Accepting the annual saving in transportation costs as estimated by our engineers at $78,000,000, the seaway would more than pay for itself in 3 years. No such claim or the necessity for their construction can be made for the Florida ship canal, the Passamaquoddy project, the Grande Coulee Dam and others on which millions of dollars of public money is being expended while the Great Lakes-St. Lawrence seaway, a project of national and international import affecting more than one-third of the people of the Nation, slumbers and is forgotten.

Its cost spread over a period of 10 years would entail an annual expenditure of $16,000,000 to $18,000,000; not a very large sum when compared to other amounts now being lavished on other works.

Bearing on the importance of this great waterway to the sea, it is pertinent to note that the St. Marys Canal, between Sault Ste. Marie, Mich., and Ontario, carries the largest amount of water-borne commerce of all the artificial waterways of the world.

Imports on the Great Lakes, according to the report of the Chief of Engineers of the Army for the year 1934, amounted to more than 4,000,000 tons, valued at $119,000,000, of which only 271,000 tons, valued at $10,000,000, were imports from overseas. This tragically small amount of foreign water-borne commerce to the inland seas is the answer to the necessity and the importance of the Great Lakes-St. Lawrence waterway.

Our exports for 1934 on the Great Lakes were nine and a half million tons, twice our imports, valued at $56,000,000, of which only 71,000 tons, valued at $3,000,000, sent to overseas ports by water transportation.

One billion five hundred and eighty-six million dollars has been expended by the Federal Government on waterway transportation other than the Great Lakes, while at the same time only $194,000,000 has gone into the Great Lakes harbors and channels.

The Great Builder of the Universe intrigued the vision of mankind by the wonders of His creation and left a little obstruction in the St. Lawrence River, the doorway of the unsalted seas that leads down to the oceans of the world.

England has been the pathfinder of commerce and transportation from the beginning of the history of this globe on which we live. The great oceans were separated by a small strip of land in the desert of Egypt. England built the Suez Canal and the seven seas were united in commercial wedlock. The maritime business of the nations chartered its course and England became the "mistress of the seas" and ruled the waves. Cheap transportation did that.

Let us complete the 48 miles of canal in the St. Lawrence River, ratify a treaty with Canada, and this Nation will have a fair chance to recapture some of its lost export trade and extend to a third of our population an opportunity to compete in the markets of the world.

Let this great national and international question be reconsidered in the present session of Congress, and may the President ask the Senate to ratify the treaty with Canada in the hope that the dream of two centuries will become a reality.

Bacon said:

> There are three things which make a nation great and powerful—a fertile soil, busy workshops, and easy conveyance for men and goods from place to place.

This is the philosophy with which we as a nation must approach the treaty to complete the Great Lakes-St. Lawrence waterway. [Applause.]

Mr. UMSTEAD. Mr. Chairman, I yield 20 minutes to the gentleman from Iowa [Mr. BIERMANN].

Mr. BIERMANN. Mr. Chairman, we hear a great deal about Government expenditures, balancing the Budget, and reducing taxes, but we may just as well make up our minds that we are not going to balance the Budget, we are not going to reduce expenditures materially, and we are not going to reduce taxes until we affect two items: One is paying for past wars and the other is preparing for future wars.

I wish to call the attention of the committee to some figures which to my mind are impressive. These are expenditures which Congress already has voted, or is pretty sure to vote, for the fiscal year 1937 for paying for past wars and preparing for future wars. I omit a number of items that could properly be included.

For the Veterans' Administration $753,000,000. Additional appropriation for the prepayment of the bonus, $1,730,000,000. The Bureau of the Budget estimates that the interest charge for the next fiscal year will be $805,000,000. It is fair to charge at least three-quarters of that to war, which makes an item of $600,000,000. The Army appropriation as it passed the Senate was $611,000,000. The Navy appropriation bill which we are now considering is for $532,000,000. The total of these items is $4,226,000,000. Until we can affect that item of $4,226,000,000 there is no use of this Congress talking about balancing the Budget or of reducing taxes. And I venture the prediction that the actual outlay for 1937 on past and future wars will be close to, if not actually, $5,000,000,000.

It would amuse me, if the thing were not so serious, to hear men on this floor talk about economy and reducing expenditures and spend perhaps a half a day talking about a $25,000 item. A few days ago we debated for 3 hours and we had two roll calls to decide whether or not the Black Committee should be represented in the Supreme Court by a $300-a-month lawyer or whether we should appropriate up to $50,000 for that purpose. We decided on $10,000. This afternoon, with a matter of $532,000,000 before this House, there are not 30 Members here to listen to the debate, and I presume that of the 20 or 30 who talk in the general debate on this Navy appropriation bill there will not be more than 4 or 5 who will say anything about the bill.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield for an observation?

Mr. BIERMANN. I yield.

Mr. DIRKSEN. I wonder if, in large measure, one of the faults is not that we are not expected to offer any amendments to appropriation bills that have been so carefully prepared in committee, and that when you do you ofttimes get so little sympathetic treatment for any amendment that, for all practical purposes, the Members feel it is fruitless to offer amendments to an appropriation bill, particularly if it is so effective as to go to the very vitals of the bill. Is that not true?

Mr. BIERMANN. There may be something to that. It seems to be taken for granted that every appropriation bill be passed as it is brought in. The Congress seems to have committed itself to the idea that we have to appropriate more than a billion dollars every year in the name of "preparedness." I should like to have some proponent of this bill tell us against whom we are preparing. I make the statement now that there is no proponent of this bill who can come into this House with a statement by any Army officer or any Navy officer submitting a plan, a supposititious plan or a fanciful plan or an imaginary plan, by which any foreign country or any combination of foreign countries would have any reasonable prospect of successfully invading America; yet we are appropriating over a billion dollars in the name of "defense." Defense against whom?

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. LUNDEEN. Would not the able gentleman state that the figure appropriated is at least twice as large as is necessary to defend our own soil? All I am interested in, if I may say it, is to defend our own soil. I believe, with George Washington, "Why stand on foreign soil?" Let us defend our own soil. A billion dollars is too much for that. We are getting ready to interfere in other wars elsewhere on other continents.

Mr. BIERMANN. I thoroughly agree with the gentleman.

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

Mr. BIERMANN. I yield.

Mr. MARTIN of Colorado. I understood the gentleman to ask who we were preparing against?

Mr. BIERMANN. Yes.

Mr. MARTIN of Colorado. I recall that same question being asked Gen. Leonard Wood in Boston when he was making a preparedness address in 1916. The gentleman will note the date. He was asked who we were preparing for or against. His reply was that if you could tell him for what storm a captain prepared the ship when he left port, he would tell who we were preparing against.

Mr. BIERMANN. That was a very clever answer by Dr. Wood.

Mr. MARTIN of Colorado. That was a year before 1917.

Mr. BIERMANN. Yes. It was a clever answer, but it was not a very sound answer, and it did not answer the question.

Mr. MARTIN of Colorado. No; but history answers the question which was asked of General Wood.

Mr. DIRKSEN. Will the gentleman yield further?

Mr. BIERMANN. I yield.

Mr. DIRKSEN. I agree with the theory of the gentleman from Colorado, but what we are dealing with is the specific question of how much we shall spend for what we deem adequate protection. On that subject we differ quite a bit.

Mr. BIERMANN. Of course, if we follow the suggestion of the gentleman from Colorado that we are going to have the same kind of an answer to my question as in 1917 was given to the question asked of Dr. Wood in 1916, then, of course, we cannot prepare too much; but I assume that this Congress is not going to entangle us in another war on foreign soil. The excuse for these appropriations is that we are going to "defend" our own soil from foreign attack. A billion and a quarter is too much money to appropriate for an attack from nobody, for the wildest jingo cannot tell us of any country that contemplates attacking us or of any combination of foreign countries that could successfully attack us. These appropriations cannot be defended as "defense" measures.

Mr. Chairman, our Army and Navy appropriations, assuming the Senate does not increase the amounts in this bill, and ignoring W. P. A. and P. W. A. and other funds that are going to the Army and the Navy, will be, for the year 1937, $1,143,000,000. This is $3,130,000 a day for the year. This Capitol building cost $15,000,000. In other words, for the money it will take to run the Army and the Navy the next fiscal year we could duplicate this Capitol building each 5 days.

Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point a short table of figures regarding the cost of some of the public buildings in Washington.

The CHAIRMAN. Are they the gentleman's own figures?

Mr. BIERMANN. They are figures I got from official sources, and I cite the sources.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The table referred to follows:

Archives Building	$8,549,703.85
Commerce Department	17,149,489.37
Connecting wing Labor-Interstate Commerce Commission	1,997,384.18
Internal Revenue Building	8,056,287.62
Interstate Commerce Commission	4,436,617.71
Department of Justice	10,214,108.45
Department of Labor	4,738,987.21
Post Office Department	9,280,455.62
Total estimated cost of buildings in triangle	65,951,433.64
Total cost of Treasury Building to date	8,260,635.04
Total cost of Capitol Building	15,000,000.00
Total cost of Library Building, including bookstacks, addition to library and auditorium	9,351,560
	98,563,628.68

(Figures in triangle buildings and Treasury Building are by Procurement Division of the Treasury Department. The other figures are by Architect of the Capitol.)

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. LUNDEEN. All the main public buildings we have in Washington, such as the Capitol, could be duplicated for the cost of about two battleships plus their auxiliary and protecting vessels, I believe. These great vessels in modern warfare, as stated by Admiral Sims, in command during the World War, will not be safe in the next war unless they are as far up the Mississippi River as we can get them. I have no objection to building efficient machines of war for defense, such as the aircraft submarines and light, fast surface vessels; but why build these obsolete monsters? Why, they are prehistoric.

Mr. BIERMANN. I feel the same way about the matter; but before we adjourn I imagine we shall have to pass upon the authorizing of the building of two battleships at a cost of about $50,000,000 each. In the report of this committee it is stated, on page 15, that "capital ships of 35,000 tons are estimated to cost upwards of $51,000,000 apiece." All the buildings in the Triangle here in Washington, according to the figures in this table, cost a little less than $66,000,000. In other words, for the cost of running the Army and Navy less than 2 months during the next fiscal year we could duplicate all the buildings in the Triangle.

Since the World War closed, that is, beginning with the fiscal year 1920, we have appropriated for the United States Army in round numbers $7,507,000,000; we have appropriated for the Navy, again in round numbers, $7,319,000,000; we have appropriated for those years, including the present fiscal year, $14,827,000,000. If the present bills for 1937 appropriations pass as they now exist, the total cost of the Army and the Navy since the close of the World War will be $15,970,000,000, and this does not include very substantial sums allocated to these departments by the various relief agencies. It does not, for example, include $160,000,000 allocated to the Navy in the one fiscal year of 1935.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. MASSINGALE. The gentleman stated that the cost of a capital battleship to the Government of the United States was about $51,000,000. Does the gentleman have any information on what the cost of a similar ship would be, say, to England or to Japan?

Mr. BIERMANN. No.

Mr. MASSINGALE. Is it not about half this amount?

Mr. BIERMANN. No; I do not think so. I have not the figures; but I recall in the debate on the ship-subsidy bill last year I asked the distinguished gentleman from Virginia [Mr. BLAND] what cost of shipbuilding they were trying to equalize in that bill. I asked if they were going to equalize for the English cost, where wages were high, or the Japanese cost, where wages were low per day. We get utterly confused if we lose sight of the fact that labor costs and wages per day are two different things; but I asked him whether he was trying to equalize for the English cost or the Japanese cost. I expected him to say the Japanese cost, but he frankly told the House—and it is in the RECORD—that it costs less to build a ship in England than it does in Japan. So to take just wages per day to determine the cost of building a ship is not sound reasoning. Whether or not ships can be built more cheaply in England or Japan is a question I should like to have some member of the Committee answer, if he will.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. DIRKSEN. In connection with the gentleman's observation on a balanced Budget and a reduction in the cost of operation of the Military and Naval Establishments, has the gentleman any information or figures to show how much could be saved to apply toward balancing the Budget by reducing the personnel of the Army or the Navy or reducing the requirements of food, clothing, ordnance, munitions, and so forth, that are made by private industry? Has the gentleman figured how much this might add to the lines of the unemployed? I just wonder how much that amount would be that could actually be applied toward a balancing of the Budget.

Mr. BIERMANN. I have no figures on that.

Mr. DIRKSEN. I wonder if it would be a great deal, as a matter of fact. I am quite intrigued with the whole idea.

Mr. BIERMANN. I cannot imagine that any reasonable excuse can be found for spending $1,143,000,000 in the next fiscal year on our Army and Navy in the name of "national defense." If we spent it in the name of offense it would be a different proposition.

Mr. Chairman, I have asked several proponents of this kind of expenditure to submit a statement by any second lieutenant of the Army, or any general, or the statement of any ensign in the Navy, or any admiral, as to how this country may be successfully invaded by any foreign power or any combination of foreign powers. I venture the assertion that the statement will not be submitted to the Members of this House. Then I want to lay this question also before the proponents of this bill. I would like to have them cite to this House one time in the past 100 years—and I will give them a little more time than that—a case where any belligerent power has been successful in landing from the water a hostile force on foreign soil. During the World War the Allies had the big navies of the world, yet they could not get close enough to Germany to fire a single hostile shot into Germany. Take the Turkish situation. After slaughtering thousands and thousands of allied soldiers they did get a little foothold, but they could not maintain the foothold. It is just not in the cards that any foreign country or combination of foreign countries can successfully invade this country, and I defy the proponents of this bill or any militarist or any jingoist in the House, if there be any, to propose any plan for invading this country and then get an officer of the Army or Navy to sign his name to it and say that it is sensible.

Mr. LUNDEEN. Will the gentleman yield?

Mr. BIERMANN. I yield to the gentleman from Minnesota.

Mr. LUNDEEN. The gentleman is making a very able statement, and I take it that the gentleman is not for stripping the country of its defenses?

Mr. BIERMANN. Oh, no.

Mr. LUNDEEN. The gentleman is merely advocating the defense of the soil of the country. The General Staff has repeatedly stated, through members of the General Staff, that this country cannot be invaded by a foreign foe. Japan is busy with Russia. England is busy with her troubles, and Germany and France are busy. What country is going to attack us? We might get into somebody else's quarrel, and I am going to say "No" to that as far as my one single vote is concerned before it is too late.

Mr. BIERMANN. I will gladly join with the gentleman.

I raise this question: What are we going to do with these battleships and this big Navy? In case another war breaks out in Europe, are we going to insist on defending our right to trade with a belligerent or with some neutral country through which the goods might get into a belligerent country? Of course, if we are going to insist on that, we may just as well make up our minds now that we are going to become entangled in the next European war. Are we going to insist on the open-door policy in China? Are we going to insist on Japan doing everything just the way we want it done? If so, we want the largest Navy we can support in order to maintain a war in Asiatic waters. But any responsible Army or Navy man will tell you this country cannot be invaded.

Mr. Chairman, I remember 34 years ago this fall being in Minneapolis, Minn., and listening breathlessly to Richmond P. Hobson making a speech in favor of a great Navy. He said that the need of a large navy was to repel a Japanese invasion. He had us all sitting on the edges of our seats. He stated that the invasion was not going to be 20 years hence nor 15 years hence, and we got further out on our seats and were more breathless; then he came down to 10 years, 5 years, and 2 years, and said: "It is not going to be 2 years hence." He stated that it was so near that our utmost efforts could not prepare us adequately against an invasion by Japan. This incident occurred in the fall of 1902, and the same kind of talk has been going on in this country in all of the intervening 34 years.

[Here the gavel fell.]

Mr. UMSTEAD. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. DIRKSEN. Will the gentleman yield?

Mr. BIERMANN. I yield to the gentleman from Illinois.

Mr. DIRKSEN. The gentleman is not insensible to the fact that if we encourage our people and our industries to carry on a commerce with all the countries of the world, certainly there are considerations which demand that we must put behind them whatever protection the Nation can afford to our commercial trading.

Mr. BIERMANN. But I do not believe that it is necessary to have a battleship accompany every trade ship around the world.

Mr. DIRKSEN. I agree with the gentleman, and I do not hold that view at all; but there are some things that we must bear in mind. We cannot say to this country and to its tradespeople and to the whole economic structure, "Now, go ahead and sell automobiles and typewriters in China, but if you do, you do so at your own peril." We should let them know in advance if this country is going to take that attitude, so that they may fortify themselves accordingly. I think that would be going pretty far, and I do not believe the gentleman would go that far.

Mr. BIERMANN. I agree with our very distinguished and able statesman, Cordell Hull, whom I look upon as one of the great men of this administration. He is building up a foreign trade effectively, and in doing so he declares he is laying the soundest foundation for peace. Peace is inclined to follow trade, I believe. Replying to the gentleman's suggestion that in case our people develop trade with foreign countries we should be prepared to defend that trade, I do not know how far I would go with that idea. In case the question rose as to whether we should send battleships over to defend our trade in China or pay the damaged tradesmen out of the Treasury, I would be inclined to make it good out of the United States Treasury. [Applause.]

Mr. DIRKSEN. But we have not had that question determined as yet, and until we do, to follow the matter to its logical conclusion where we would get rid of our Navy entirely, the effect would be to say to our trades people that they carry on their international business relationships at their own peril and this would be going very far.

Mr. BIERMANN. Yes; and I am not here to decide all those questions, but I do not believe I would be quite willing to vote for any kind of arrangement that would make it necessary to send our boys to foreign countries to participate in disputes over there and get their eyes shot out or their legs cut off or their bodies destroyed and their future and the future of their families ruined because we had some trade with a country over there and insisted on protecting that trade regardless of the cost in American lives.

Mr. DIRKSEN. I agree with the gentleman, but I am wondering where we are going to draw the line.

[Here the gavel fell.]

Mr. UMSTEAD. Mr. Chairman, I yield 5 minutes to the gentlewoman from Arizona [Mrs. GREENWAY].

Mrs. GREENWAY. Mr. Chairman, I appreciate this opportunity. My remarks may be a little irrelevant so far as the Navy is concerned; but like my good friend the gentleman from Pennsylvania [Mr. RICH], I have something in my system I would like to get out.

I have been wondering all week what the Nation thinks of the spectacle of our industrial leaders in meeting in downtown Washington and their Government representatives assembled in Congress considering and concerning themselves with the affairs of the Nation.

Before the chamber of commerce representatives arrived it was broadcast across the Nation that we people in Congress were vultures picking to pieces the sparrow of industry. I went down there and listened to the opening speech with interest and with hope. I listened to every word, and I have read it twice since. It was an extraordinary speech, moderate in its delivery, beautifully thought out, and remarkable in every way, but most remarkable in its omissions.

It described the freedom that industry in this country enjoyed in a not very far past. It then described the infringement of government in recent years on business. It then listed as detrimental to business and business recovery practically every major bill that has been passed by the Democratic Party in the last 4 years, and at no period in the speech, with one exception, did it mention unemployment or concede the reason why the Government had had to try to do something to take care of the unemployed in the United States, and that one instance in which it referred to the unemployed was the most remarkable part of the speech. I would like to know what you think of it. It said—you know I have not got so I can really call people by name and say mean things, because I am a little reluctant, so I say, "it said", I will not say "he said." [Laughter and applause.] It said:

> It is not enough that we simply show that the present financial policies of the Government are destroying the possibilities of a balanced Budget. The real job is to show the average American citizen that sound finance and a balanced Federal Budget are more valuable and vital to him and his children than any possible dole or bounty or hand-out which may be given to him, and which, in the very process of giving, exposes our whole land to the terrors and distress of inflation, repudiation, or confiscatory taxation.

It suggests that one of the objects of the chamber of commerce should be to develop public opinion in this country even to the point of making the man, woman, and child who is receiving food in the form of a dole from the country, know that he had best not receive it if it is necessary that the Budget be unbalanced that he receive it.

Is not this a remarkable thought? Think of the human being today who would believe that their Government should balance the Budget to the exclusion of giving him and his wife and child the necessities to exist. Mind you, there was no mention of meeting the problem of unemployment whatever or recognition that most of the laws which business believe detrimental were necessitated directly or indirectly to meet the unemployment.

I have inquired all week what will be the outcome of the activities of the chamber of commerce in a concrete purpose and result.

[Here the gavel fell.]

Mr. UMSTEAD. Mr. Chairman, I yield the gentlewoman from Arizona 3 additional minutes.

Mrs. GREENWAY. So far as I can learn, their principal objection is to concentrate upon counting the unemployed of this country. Why did they not begin to count the unemployed 4 years ago? The unemployed have been counted

again and again and again. They have been counted by the United States Employment Office, by the American Federation of Labor, and by welfare.

I believe the chambers of commerce are dead right in saying that the fact that none of these counts tally does justify a recount and an honest analysis of what the condition is, but this is merely a first step—offering no remote solution.

I would have to stop now—am I going to have 2 more minutes?

Mr. UMSTEAD. I have yielded the gentlewoman from Arizona 3 minutes and I gladly yield 2 more minutes, if desired.

Mrs. GREENWAY. I thank you very much. I am grateful. I did not realize how long it took for a woman to talk.

By the way, I am so impressed with those people up at the chamber of commerce. They look like experts. They look prosperous. Their eyes are keen and quick, and I believe that having people like that who can create surpluses really is the greatest good fortune this country has, provided they share the responsibility of trying to work out a solution instead of just making tally sheets and criticizing the Government.

Now, let us get down to this end of Pennsylvania Avenue. Let us consider the tax bill. Directly and indirectly the meetings of both the chamber of commerce and the Congress this week have all had to do with unemployment and welfare. We passed a tax bill. In passing it the inference of this House was that we had waited on industry long enough. Maybe we were right; but what have we done if the bill remains as it was when it passed this House? Now, this is what I believe we have done. I believe we have taken from industry savings and thus crippled against future expansions and depressions the only vehicles through which classified employment can be efficiently given. We have taken surpluses created through thrift, ingenuity, and vision from practical and successful institutions, and plan to transfer it to departments for sustaining classified employment through artificial channels.

I do not believe anybody in Congress thinks that this country can continue to carry millions of people on welfare and not eventually run on the rocks. Business must believe this, too; but until industry, labor, and government concede and shoulder it as the problem that will, if not solved, change and destroy the character of our country, we can make no progress.

Why cannot those successful in business talk to us down here, and why cannot we talk to them? Why cannot they take some of these surpluses and give employment instead of necessitating their confiscation through taxation and futile and demoralizing use through this so-called welfare system, which by the very reason of its nature must not become a permanent institution?

I can vote against a tax bill that seems to undermine all the principles that have led to success, but I cannot sit by and see industry, which has profited in so many ways in the last 3 years, bemoan and deride the efforts of their own Government to devise ways for the less fortunate to sell their usefulness while they offer no concrete plan and apparently see no necessity for one.

Unless existing industry can be used to absorb the unemployed, the answer is Government interference. You have been very patient, and I thank you. [Applause.]

Mr. McLEOD. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. MAIN].

Mr. MAIN. Mr. Chairman, one of the clearest concepts in American public opinion today is that we want no war. And most definite of all convictions is that America shall not engage in a war of offense. In their relationships with the people of other nations, the American people think only of peace. They do not think of war. The only act of violence which Anglo-Saxon jurisprudence condones is one of self defense—defense of self, home and family—and those in kindred situations. No other act of physical pursuasion or coercion is justified according to the professed standards of American civilization.

But, Mr. Chairman, I am informed that the bill before us proposes the largest peacetime appropriation ever recommended by a Committee on Naval Affairs for the consideration of the American Congress. I submit, sir, that a big appropriation presupposes a big Navy, and I submit further that a big Navy is by way of anticipation of a big war. There is no other use for a big Navy. But, Mr. Chairman, American public opinion today says that the only legitimate use for an American battle fleet is in the waters of the western continent. True, we sent a fleet to the other side of the world to engage in a battle in 1898. And thereby the United States temporarily became involved in a policy of imperialism which has been a source of expense and embarrassment from that day to this. If we should become involved in a military or naval encounter in that section of the world again it will come through some real or fancied insult to our sphere of influence in the Philippines. But, I repeat, sir, that American opinion will not sustain a war involving the Philippine Islands. The natives of the Philippines have pleaded for independence and they are in the way of attaining it. As soon as they get it, or before, Japan will take steps which will cause the Filipinos to call loudly for the support of the mother country. But our people will not support a foreign war. Why does Congress impose upon the American people the expense of preparing for a foreign war?

Mr. Chairman, it is only within the last few hours that this bill has become available for examination by the membership of the House. With the very limited opportunity which we have had to study the bill I would not presume to suggest to the members of the committee in charge that they strike out any specific item. But I do plead with the committee in charge, and with the membership of the House to pare down in some practical way, and in substantial amount, the staggering total of this appropriation measure. Let us, in fact, express by this bill that which patriotic citizens are constantly saying in their school assemblies, church gatherings, at the work bench and in the counting houses; namely, that America is preparing for peace and not for war.

Mr. LUNDEEN. Will the gentleman yield?

Mr. MAIN. I yield.

Mr. LUNDEEN. Would not the gentleman think the best place to cut expenses of the bill would be battleships and dreadnaughts?

Mr. MAIN. I think that is a practical suggestion.

A. A. Milne writes, "If you want peace, you must renounce the idea of war." But this legislation does not renounce the idea of war; it preserves, encourages, and develops the idea of war.

And if war should come again, Mr. Chairman, what are the possibilities or the probabilities? It is reliably asserted that the next war will be a war of chemicals and gases. Through clever propaganda, we were led to believe that the World War was a war to end war. Mr. Chairman, the next war, if it comes, will be a war that will end civilization.

Heretofore the menfolk of the belligerent nations have engaged in warfare, in trenches or on battlefields, remote from the centers of population. But a war conducted with chemicals, gasses, and airplanes will not be decided in favor of the Nation with the largest battleships or the swiftest cruisers. Such a war will be determined in favor of the Nation with the most ingenious chemists, the most intrepid aviators, and the most fiendish commanders. America has neither the cause nor the conscience to engage in that sort of human extermination.

This is the bill providing appropriations for the support of the Navy. The personnel of the Navy and all sea-faring men honor the tradition, in case of threatened peril, "Women and children first." Milne and many others say that the next war will be a war from the air in which every woman and child will be involved. There is no defense for these women and children except an attack which will involve the enemies' women and children.

Christianity has been maligned as a failure, but someone has said, with a taint of skepticism, that we cannot say Christianity has failed because it has never been tried; and, quoting Milne again, we read:

There is one way, and only one way, to arrest this war; that is, to renounce war. I have suggested a method by which this renunciation might be made a reality. You will call it "impossible!" When we call a thing "impossible", we mean that it has never happened in our experience. A renunciation of war has never happened in our experience, and, therefore, any method of effecting it is "impossible" until we have tried it. * * * If the economic life of the world barely survived a war which it entered in a condition of health, it cannot, starting in its present condition of ill health, survive another war.

All the other considerations aside, Mr. Chairman, this country cannot stand the economic strain of another war. Fifteen or twenty years after an armistice has been signed some of the horror and cruelty of war may have been erased from our thoughts. We may even gloss over the fact that wars are futile and inefficient as a means of settling national and international difficulties. But the Members of this Congress are never permitted to forget the staggering financial cost of war. America simply cannot afford to go to war. War loans, pensions, claims, compensations, hospitalization, all combine to saddle the Nation with burdens of unmeasured magnitude and duration. Intelligent America must find the better way; and if all other argument falls, I repeat this challenge, and this warning, "Women and children first."

Mr. Chairman, I plead again with the membership of this House to amend this bill in some manner, and to such extent, as will definitely announce to our people and to the world that America is peace minded and not war minded. And as one of the opportunities to give evidences of the good faith and sincerity of our dedication to the cause of peace, I call again to the attention of the membership of the House the petition of the gentleman from Indiana, Mr. LUDLOW, now on the Speaker's desk, seeking to bring to the floor of this House for debate and action the proposed amendment to the Constitution of the United States, providing that, except in the event of an invasion by an armed force, the authority of Congress to declare war shall not become effective until confirmed by a national referendum by the people who are going to provide the human material with which war is conducted.

And I further recommend and advocate for the serious consideration of Congress, H. R. 9134, sponsored by my colleague, Mr. BOILEAU, of Wisconsin. In the language of that bill, Mr. Chairman, it ought to be the declared policy of the United States to use the governmental powers of national defense for defense only. We ought to refrain from maintaining or establishing agencies of warfare other than those necessary for defense. America ought to fulfill the commitments of the general pact for the renunciation of war ratified by the Senate in 1929. It ought to be the settled policy of this Congress, in connection with every appropriation bill, to renounce war as an instrument of national policy. And we ought to adjust the military system of this Nation to harmonize with the policy of the pact for renunciation of war. We ought to maintain a defense policy designed only to defend the boundaries of the Nation against invasion. And we ought to eliminate from the defense establishments all such agencies and activities as are designed and primarily useful only for aggressive or foreign warfare. And, Mr. Chairman, in further harmony with the provisions of H. R. 9134, we ought to divorce our thought from the psychology of war by abolishing the Department of War.

It may be important to change the name of the Department of Interior to that of Department of Conservation, but I submit, Mr. Chairman, that it is infinitely more important that we abolish the Department of War and merge the activities of that Department with the Department of the Navy and all air forces, and transfer them to a new department—a department that by its very name typifies and signifies American thought and attitude—the department of national defense.

Why, Mr. Chairman, under the present system these Departments actually compete with each other in the markets for supplies and equipment. We ought to put a stop to the spectacle of one department of Government bidding against another department maintained for the defense of the Nation. Under the proposed reorganization it will be possible to coordinate the purchase and production of military supplies. Economy, efficiency, common sense, and real patriotism all join in the argument for appropriate name and coordinated authority for the department of national defense.

But, sir, I would not have my plea for a reduction in the sum total of this appropriation bill interpreted as an argument against preparedness. One of the outstanding organizations in the land for the training of youth has for its slogan "Be prepared", and nations, like individuals, must be prepared. But the temper of America does not point toward preparedness through the medium of junkerism or professional militarists. America does not look to the professional soldier or sailor to control its military or naval policy. To prove this, we need only cite the fact that in the President's Cabinet the ranking heads of the military and naval departments are invariably chosen from civilian life. Real preparedness in America—and the potential protection which America needs—rests with the Officers' Reserve Corps, the National Guard, the United States Naval Reserve, and the United States Marine Corps Reserve. And to that end I recommend for the early consideration and serious attention of Congress, House bills 11681 and 11682, introduced by our colleague, Mr. MAAS, of Minnesota. These bills provide for the reorganization, administration, and maintenance of the United States Naval Reserves, the United States Marine Corps Reserves, and for other purposes.

In supporting these measures I join in the sentiment recently expressed by the resolution of my comrades in the General George A. Custer Post of the American Legion at Battle Creek. And I join with the gentleman from Minnesota in asserting that the civilian reservist, trained for defense, is the best guarantee of our safety; and that such reserve force, on the other hand, contains no military threat to the peace of the world. The reservist has everything to lose and nothing to gain by war, but he makes the most effective defense force because he is able to effectively fight when and if an emergency should arise. Well-trained reserves are the cheapest and most effective defense forces. And men of that type, sir, will never stimulate or encourage a war of offense, nor one to be conducted on foreign soil. [Applause.]

Mr. McLEOD. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, we find that for this year, when we add what we are going to appropriate by means of the bill under consideration to what we have already appropriated for the War Department, we shall have appropriated over a billion dollars for war purposes. Not only do we appropriate a billion dollars for war purposes under the guise of national defense but we find today in this bill a surprise appropriation of approximately $104,000,000 for the building of two additional battleships, for which there has been not a single iota of evidence adduced at the hearings on this bill. This item was put in about 2 days ago without a hearing or study.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. Yes.

Mr. LUNDEEN. Would it not be a good deal better, before we spend $104,000,000 on two battleships that no one seems to be able to show the reason for building, to take care of the veterans and the widows and the orphans of the last war? And if the gentleman will permit, on November 11, 1928, President Coolidge said that when the last veteran and the last widow and orphan shall have been taken care of because of the last war the last war will have cost the United States more than $100,000,000,000.

Mr. MARCANTONIO. I think the gentleman is correct. So that we are confronted with a situation of $1,000,000,000 for war purposes and an additional $100,000,000 for two battleships, about which no member of the committee knew anything until 1 or 2 days ago, without a single word of testimony attempting any justification for this insane expenditure. The minutes of the hearings before the subcommittee

of the Committee on Appropriations are barren of any reason for this additional appropriation.

We increase appropriations for war on one hand, and on the other hand we find that, while we appropriated $4,800,000,000 last year for unemployment relief, this year, dealing with practically the same situation, there has been recommended only $1,500,000,000 for unemployment relief. The argument is advanced by the spokesman for the administration that the reason why we are appropriating only $1,500,000,000 is that it is assumed that private industry will absorb a large number of these unemployed. Whether or not private industry will absorb these remains to be seen; whether or not the problem is as simple as that also remains to be seen. Technological displacements and other economic factors cannot be left unconsidered if you want to solve the problem. If private industry does absorb a large number of unemployed they will be employed at substandard wages.

Force employment at substandard wages and you destroy the much-vaunted American wage structure. Destroy the wage structure and you will increase the number of unemployed. The most important issue before the people is to put the unemployed back to work at a living wage. One step in that direction is the 30-hour week without reducing wages. Until then the most important immediate issue before the American people is that of caring for the unemployed. Despite the false optimism emanating from the Department of Labor, we still have 12,626,000 unemployed. This figure is conservative. It was compiled by the conservative leadership of the American Federation of Labor and released by it on March 2, 1936. It also stated that the month of January 1936 showed an increase in unemployment of 1,324,000, the largest since 1931. Its comment was "to lose ground to such an extent at this time is nothing short of tragic." Therefore the "recovery is here" ideology upon which the President's recommendation for only $1,500,000,000 for unemployment relief is based is unrealistic. The dismissal of 700,000 workers from W. P. A. is based on the same artificial and wishful premise. The money-saving, cruel, chiseling devices employed by the local relief bureaus, such as in New York City, at the expense of its staff and clients is in accord with this false policy. The New Deal relief program today is not much different than that of Herbert Hoover in 1930. Mr. Hoover attempted to solve the problem by waiting for Lady Prosperity to come from around the corner. The New Deal is trying it by proclaiming loudly and smilingly that she has kept her date and is now promenading with the president of the chamber of commerce along Main Street. Mr. Hoover then contended that very little should be expended for unemployment relief. The New Deal relegates unemployables to local charity, professes his desire to care for the employable unemployed, but refuses to continue to provide for the 700,000 of them today and many more tomorrow.

It also has refused to provide for those who have become in need of W. P. A. employment since November 1, 1935. Those who will remain on W. P. A. will continue to be the recipients of the un-American security wage. So that, despite the fact that an appropriation of $4,800,000,000 was found to be entirely inadequate to deal with the problem of 12,000,000 unemployed during the fiscal period of 1935–36, the President now asks for only $1,500,000,000 to deal with a similar situation for the fiscal year 1936–37. This is the sum recommended by the reactionary National Economy League. It constitutes a sweet victory for the Liberty League over the unemployed. The American Tories have cause to rejoice, since their views on relief, recommending cuts in relief appropriations, are now being adopted by the New Deal. The New Deal fights the Liberty League by making faces at it and uses words. In deeds it surrenders. Hence, as for the unemployed, the New Deal has substituted in the place and stead of the Hoover fantastic myth of two chickens in every pot the stark reality of two wolves at every door.

In the face of this appalling situation the unemployed can expect nothing from those in power. They must depend on themselves, on militant labor organizations, and on all liberty-loving Americans. They must organize American public sentiment behind a genuine relief bill.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. Yes.

Mr. CHRISTIANSON. The gentleman speaks of recovery. Is the gentleman aware of the fact that one-fifth of the families of the United States are today living on an income of $1.36 a day, another fifth on a daily income of $2.72?

Mr. MARCANTONIO. I am also aware of the fact that 22,000,000 persons in the United States are still dependent on public charity in some form or other. They are dependent on either starvation direct-relief budgets, or on starvation security W. P. A. wages. I do not claim recovery. The New Deal does. You have no recovery while 22,000,000 exist in such a condition.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. Yes.

Mr. McCORMACK. Where would they be if the present administration had not engaged in the humane policy that it has?

Mr. MARCANTONIO. You should ask me where would the administration be. The unemployed owe the past appropriations to their own mass pressure. It is true that the administration made appropriations in the past. However, they were inadequate. Everybody connected with relief or W. P. A. Administration knows it. If those appropriations were adequate, why are you now discharging 700,000 persons from W. P. A. rolls? I voted for the $4,800,000,000 bill. I agree it was better than nothing; but at the same time the present administration is retreating. Why appropriate $4,800,000,000 for 12,000,000 unemployed in 1936 and ask for only $1,500,000,000 for 1937 with the same number of unemployed? Yet we appropriate over one billion for war.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. Yes.

Mr. McCORMACK. Not with the purpose of entering into a controversy with the gentleman—I respect his views too much, and with many of his views I agree; but in addition to the $1,500,000,000, there is probably, as I understand it, a billion and a half dollars available from the $4,800,000,000.

Mr. MARCANTONIO. Assuming that figure to be correct, the fiscal year does not end until June 30, 1936. We start to spend the new appropriation of $1,500,000,000 on July 1. How much will be left by July 1 of that other $1,500,000,000 we do not know. In fact, the discharge of 700,000 from W. P. A. proves that you are running out of funds. Therefore when we add what will be left, if any, on June 30, 1936, to the proposed $1,500,000,000 the sum will be much below $4,800,000,000.

Mr. McCORMACK. I agree; but the gentleman will agree with me that with the proposed appropriation of a billion and a half dollars there is a large sum left from the $4,800,000,000 which will be utilized. Whether or not that will satisfy the demand, I shall not pass on.

Mr. MARCANTONIO. The sum remaining must be insufficient to last until June 30, otherwise why are you discharging 700,000 men from the W. P. A.?

Mr. McCORMACK. I cannot agree with that.

Mr. MARCANTONIO. And you are also refusing to take on the W. P. A. roll persons who became eligible for W. P. A. after November 1, 1935.

Mr. McCORMACK. May 31, too, and those who are on relief, but I will say to the gentleman that in connection with the dead line I am in agreement with the gentleman on that. I have recently addressed a letter to Mr. Hopkins, as I have on several occasions in the past, stating that that dead line should be eliminated, and I am hopeful that it will be.

Mr. MARCANTONIO. The difference between the gentleman and me is that the gentleman prefers to be hopeful with reference to relieving the unemployed, and I believe in having the Congress of the United States take action for unemployment relief now, to appropriate sufficient to do away with dead lines, and reemploy those who have been discharged.

Mr. McCORMACK. Will the gentleman yield further?

Mr. MARCANTONIO. Just for a question.

Mr. McCORMACK. The gentleman apparently is entering into a controversy with me which does not exist.

Mr. MARCANTONIO. No. I did not intend to enter into any controversy with the gentleman.

Mr. McCORMACK. I simply, for the RECORD, wanted to show that the $1,500,000,000 limit is greater than that which was used last year.

Mr. MARCANTONIO. Not by any means. The gentleman will admit that it is not equal to $4,800,000,000.

Mr. McCORMACK. Oh, yes.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. BLANTON. For the unemployed who honestly want to work and cannot get it, I think the Government, and all of us, are deeply sympathetic, and we will do all we can for them; but for the organized unemployed, who organize to cause trouble, and who do not want to work, and would not work if they could, but who organize to create trouble, I do not think the Government ought to show them any consideration whatever, and when they take charge of a State capitol, like they did at Trenton, N. J., I think they ought to be put out bodily without any consideration whatever.

Mr. MARCANTONIO. I expected that from the gentleman. However, despite the gentleman from Texas, the unemployed have a right to organize and will organize. He reminds me of a queen of France some time ago who said, "The people have no bread. Let them eat cake." It perfectly describes the gentleman's attitude toward the unemployed.

Now, to continue, 700,000 workers are being discharged from W. P. A. Nobody who was not eligible for relief prior to November 1, but who became eligible for relief after November 1, is taken on W. P. A.

You can talk all you want to about industrial recovery. You can talk all you want to about financial recovery, but when you go back to your districts this year you are going to be confronted with the unemployed in your district. You can show them the stock-market sheets and you can show them the increases in prices, but they will ask you: "How can you vote for increases in naval and military appropriations and at the same time vote for decreases in appropriations for the unemployed in your own district?" That is a question which you must face and is a question which you must answer.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. SHORT. The gentleman certainly does not want 22,000,000 of our citizens continued upon relief?

Mr. MARCANTONIO. No; I do not.

Mr. SHORT. Well, if the $3,300,000,000 granted to the President in the Seventy-third Congress plus the $4,880,000,000 given him at the first session of this Congress has failed to take those people off of relief, how in the world does the gentleman think they can be taken off of relief by continuing these expenditures?

Mr. MARCANTONIO. I am glad the gentleman asked that question. The difficulty with the present administering of relief is that you do not give to the unemployed sufficient to give them purchasing power. What you give them is a security wage, from $19 to $94 a month; very few received $94. The average in my city is $55 a month on W. P. A. All they can purchase is slum shelter and a starvation diet. The same applies to those receiving direct relief. They have no purchasing power. If you, as a military man, were going to capture a fortress, and you needed four regiments to capture that fortress, you would not send one regiment at a time against that fortress but you would send the entire four regiments at one time.

In dealing with the problem of unemployment we never appropriated sufficient funds to give the unemployed any purchasing power. That is why the unemployed are in no better position today than they were before. Today they are in worse position, because today the friends of the forgotten man, while they make faces at the Liberty League and chambers of commerce, are in retreat. For approximately the same number of unemployed you are appropriating much less than before. If in the past we had given the unemployed sufficient to maintain themselves in health and decency, they would have had a purchasing power. Using this power, the wheels of industry would have been moving on a larger scale than today. However, we would still have had many unemployed. In the past with the end of the crisis we had few unemployed left during the period of so-called recovery. Today the residue of unemployed is so large that, despite financial recovery, the unemployed remain our most important problem. Why? Is it the fault of the unemployed, or is it due to an inequitable and unjust economic system which must be overhauled? Would the gentleman refuse to give shelter and food to the victims of this system simply because the system forces them to remain idle?

Mr. McCORMACK. Will the gentleman yield further?

Mr. MARCANTONIO. I yield.

Mr. McCORMACK. Would the gentleman be frank in expressing his opinion of the Hoover administration in making no appropriations for the unemployed?

Mr. MARCANTONIO. It was absolutely wrong, and you are beginning to reach Mr. Hoover's position. He said, "We will solve unemployment by waiting for Lady Prosperity to come from around the corner and keep her date." She did not come. You are saying the same thing. You are saying that she is here. She is going to meet the president of the chamber of commerce, but despite that, you still have 12,000,000 unemployed, and you now propose to cut relief appropriations to a bone.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SHORT. Mr. Chairman, I have been authorized by the gentleman from Michigan to grant 5 additional minutes to the gentleman from New York, provided he will yield for one other question.

Mr. MARCANTONIO. I yield to the gentleman who gave me the time.

Mr. SHORT. The gentleman from New York, of course, is aware that the President of the United States has emphatically said that the problem of unemployment must be solved by private business. This administration strangles private business to death at the very time it demands that business hire the unemployed.

Mr. MARCANTONIO. I disagree with the gentleman on the question of private business. I think we have been too lenient with private business. I voted for the tax bill, but I did not think it went far enough. It was a cream-puff, milk-toast tax bill. Furthermore, we should not dodge the responsibility; the problem cannot be solved by private business. It must be solved by the Representatives of the American people in Congress.

Mr. McCORMACK. Does not my friend put himself in a rather inconsistent position where he denounces and criticizes the Hoover administration for its failure to assume the proper leadership, and at the same time criticizes the Roosevelt administration for giving proper leadership with reference to relief?

Mr. MARCANTONIO. You have not given proper leadership with reference to relief. The fact that you have discontinued Federal direct relief; the fact that you are now throwing out 700,000 persons, and the fact that those who remain must exist on security wages and starvation budgets proves poor leadership.

Mr. McCORMACK. We have given $3,000,000,000 a year.

Mr. MARCANTONIO. That is not enough. Now you appropriate only one billion and a half. You started in the right direction. Now you retreat. What kind of leadership is that?

Mr. McCORMACK. It is $3,000,000,000 a year more than Hoover gave.

Mr. MARCANTONIO. Is the gentleman proud of being just a little bit better than Hoover? Is that all the gentleman has to offer? [Laughter.]

Mr. McCORMACK. It is $3,000,000,000 better.

Mr. MARCANTONIO. And now it is only $1,500,000,000 a year better. Tomorrow it will be less. The day after you will give as little as Mr. Hoover. If you can do no better than that for the unemployed in the country, the unemployed will have a perfect right to consider the New Deal in Mr. Hoover's class next November.

Mr. FLETCHER. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. FLETCHER. Will the gentleman be kind enough to favor us with any plan he has to offer to solve the unemployment problem, briefly? How would the gentleman solve the unemployment problem if he were President?

Mr. MARCANTONIO. As a Member of Congress I introduced a bill which has been endorsed by respectable organizations as well as other organizations which might not be considered respectable by the gentleman from Texas [Mr. BLANTON] because they are organized unemployed.

Mr. BLANTON. No.

Mr. MARCANTONIO. I decline to yield, Mr. Chairman; I decline to yield, and ask that this interruption be not taken out of my time. The gentleman [Mr. FLETCHER] asked me a good question.

Mr. FLETCHER. I asked my question seriously; I should like to know.

Mr. MARCANTONIO. Answering the gentleman from Ohio, I desire at this time to recite the salient provisions of my bill.

It is based on the following six principles: First, the unemployed are victims of an unjust economic and social system which has failed and are without work due to no fault of their own, and that the general welfare of the American people depends on the welfare of the unemployed; second, therefore they should not be treated as objects of charity, but as a matter of right should be given work at a living wage during their period of unemployment, and as a matter of right the unemployables should be furnished relief on the basis of a minimum necessary to maintain life in health and decency; third, the burden for accomplishing these objects should be borne by those who have profited from a system which creates unemployment; fourth, the unemployed are to participate in the administration of work and direct relief; fifth, something should be done toward a permanent solution such as reopening and operating shut-down factories by and for the benefit of the unemployed; sixth, State and local funds are inadequate, and Congress should make adequate appropriations.

Accordingly, my relief bill provides for an appropriation of $6,000,000,000, $2,000,000,000 in grants to States for direct relief, $2,000,000,000 in grants to States for State and local work projects, and for projects required for the operation by States or municipalities of abandoned factories, mines, and other enterprises for the purpose of providing employment and producing goods for use. None of these funds are to be used for financing privately owned enterprises. Two billion dollars for the continuance of W. P. A. The six billion dollars shall be expended for the fiscal year ending June 30, 1937.

The bill also provides for certain standards. The relief standards guarantee sufficient and nourishing food, decent housing, appropriate clothing as to season and comfort, medical and dental care, replacement and renewal of essential household goods, carrying charges on homes owned by relief clients, provided such charges are not in excess of rent allowance; the maintenance of relief clients' membership affiliations in his religious, fraternal, political, or social organization; necessary transportation and communication expenses. All those who do not receive an income from any source equal to the minimum standard established in his locality as necessary to maintain life in health and decency for himself and dependents would be eligible for relief. Those who receive an income less than such minimum would receive the difference. All payments are to be in cash. No such person shall be disqualified because of sex, race, color, creed, citizenship, residence requirements, political or labor affiliations, refusal to work at occupation for which he is not fitted, refusal to work because of a strike or lock-out, refusal to work at substandard conditions of hours and wages, or refusal to work where he is required to scab or join a company union.

It also provides for standards on work projects, such as prevailing wages, but in no case shall weekly compensation be less than the minimum necessary to maintain life in health and decency for the worker and his dependents, 30-hour week, collective bargaining, workmen's compensation, work at one's own trade and according to his skill, and no discrimination. Preference would be given to those projects which would be of a permanent and useful nature.

All persons unemployed and capable of work would be eligible for work on these projects.

The relief and work projects would be administered by a commission of 15—5 to be unemployed, appointed by the President from panels of names submitted by organizations of unemployed, 5 from panels of names submitted by social workers, and 5 from panels of names submitted by the Works Progress Administration.

No State would be given grants unless it had adopted relief and work projects standards and plans conforming with those set up in the bill. The commission would pass on the plans of the various States before allocation of funds were made to them. The States, in addition, in order to qualify, must set up State and local boards giving the workers and relief clients one-third representation. The local committees shall fix minimum standards for the locality, and a dissatisfied worker or relief client may appeal to the local committee and may make a final appeal to the State committees.

The administering of the Federal work projects would be in the hands of regional and local committees giving the workers one-third representation. The local committees would fix minimum standards. Again dissatisfied workers may appeal to the local committees and may make final appeal to the regional committee.

The usual question will now be asked, Where are we going to get the money? Many sources exist. Reduce to a minimum the more than a billion dollars appropriation made for war purposes. Apply the British tax rate on all individual and corporate incomes, inheritances, and gifts over $5,000 a year. This source will be more than ample.

This bill, in my opinion, meets the immediate demands of the unemployed until such time as the Frazier-Lundeen bill for social insurance is adopted.

This bill is now before the Committee on Labor and we intend to hold hearings on it beginning the 4th of May. The day is not far distant when the Marcantonio Federal relief and work projects standards act will be considered a conservative bill by Members of this House.

Mr. BIERMANN. What is the number of the bill?

Mr. MARCANTONIO. H. R. 11186.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. LUNDEEN. Would not the gentleman also say that social-security measures should be gone into further?

Mr. MARCANTONIO. Yes. The social security plan adopted just places the burden of caring for the poor on the shoulders of the poor. It does nothing for the present unemployed and acts as an impediment to genuine social-insurance legislation. As I see it, the only real social-security bill is the Frazier-Lundeen bill. This bill gives the people genuine social security and puts the burden where it belongs—on the wealthy. Now, I should like to complete my statement.

Mr. SHORT. Mr. Chairman, will the gentleman yield for a question?

Mr. MARCANTONIO. Will the gentleman grant me further time?

Mr. SHORT. Yes.

Mr. MARCANTONIO. Then I yield to the gentleman from Missouri.

Mr. SHORT. Does not the gentleman also feel that if we returned relief agencies to the various States and local communities that the cost of administration would be cut in two; that whereas many white-collar Government parasites

are fattening off the taxpayers under the present system, the people on relief would receive more than they are now getting?

Mr. MARCANTONIO. The only difference there would be to substitute local politicians for politicians from Washington.

[Here the gavel fell.]

Mr. McLEOD. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

Mr. MARCANTONIO. I should prefer to see the administration of relief placed in the hands of a body made up of representatives of three important groups. The welfare group should be represented, the Government should be represented, and there should be representatives selected by the President from panels of names submitted by various organized unemployed, of whom the gentleman from Texas is so afraid.

Mr. BIERMANN. Will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Iowa.

Mr. BIERMANN. I understand the gentleman would have the Government appropriate money to put people to operating the closed factories. Where would the gentleman sell the stuff that these factories made?

Mr. MARCANTONIO. We would produce it by the unemployed and for the use and benefit of the unemployed.

Mr. BIERMANN. The gentleman would sell it to the people who made it?

Mr. MARCANTONIO. Not necessarily. We would sell their products throughout the country. In other words, you are producing for use instead of profit. We are bound to come to it sooner or later.

Mr. BIERMANN. Would the gentleman operate a typewriter factory that way, or an adding-machine factory that way?

Mr. MARCANTONIO. We can always exchange commodities; sell these commodities and use the proceeds for the benefit of the unemployed. That has been done before.

Now, coming back to the Navy bill, I want to say a few words. The reason I spoke of the unemployment problem and the inadequate appropriations therefor was simply because of the fact we are appropriating over a billion dollars here for war purposes. Over a billion for death and inadequate funds for the unemployed. In addition to that we are appropriating several million dollars for the purpose of building two battleships. I wonder, and I am suspicious, what funds are going to build the keels of the battleships? Are they going to be built out of W. P. A. funds or out of funds appropriated by this body? I think that is a question that should be taken up and answered when debate is confined to the bill tomorrow.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. They will build a great number from funds appropriated by this body, and they will build some more out of W. P. A. funds.

Mr. MARCANTONIO. Then we are burying the forgotten man under the keels of battleships. You are using his only too inadequate funds for this purpose.

In conclusion, I want to make this one statement: I am not a fanatical pacifist. I believe in defending the United States, and, if necessary, if the time should ever come, I would not hesitate to do my share of the fighting in the defense of our country. But why spend this amount of money when you cannot even identify the enemy that will invade the United States. If we are not preparing against an invasion, what are we preparing for? Are we preparing for another imperialistic war? Are we preparing perhaps for another war to end wars or for a war to make the world safe for democracy?

Mr. Chairman, why are we building all of these ships? Why are we appropriating over a billion dollars for destruction? Where is the enemy? Can anyone mention the enemy? I challenge any Member, whether he be a member of the Military Affairs Committee, the Naval Affairs Committee, or the Appropriations Committee, to reveal to us the enemy that is going to attack us.

Mr. BLANTON. I accept the challenge and can mention an enemy if the gentleman will yield?

Mr. MARCANTONIO. I know what the gentleman is going to say. He is going to holler "red"! He reads "red", he dreams "red", he sees "red" all the time.

Mr. BLANTON. I have a pretty good reason for all of it.

Mr. MARCANTONIO. The gentleman cannot give a good reason but his usual laughable charge.

Mr. BLANTON. The speech the gentleman is making is a pretty good reason.

Mr. MARCANTONIO. My speech is a good reason to prove that the gentleman's views on this subject are silly.

Mr. McCORMACK. Will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Of course, without mentioning any nation, the gentleman realizes that unfortunately causes of war are in existence everywhere. Every other nation of the world is apparently preparing for war. Of course, I condemn it just as much as the gentleman does, but it is going on just the same.

Mr. MARCANTONIO. Is anybody preparing to invade the United States?

Mr. McCORMACK. Well, every other nation is preparing.

Mr. MARCANTONIO. But not to invade the United States.

Mr. McCORMACK. The causes of war are in existence, and no one knows where it may come from.

Mr. MARCANTONIO. All we should be concerned with is an invasion of the United States.

Mr. McCORMACK. We do not know when it is going to start. The gentleman knows as well as I do that a navy has to be built before a war occurs. You cannot build a navy overnight.

Mr. MARCANTONIO. We have heard that argument for the last 35 years. We have heard about Japan and everything else, and on this pretext we have appropriated millions of dollars, and now we are going to spend more than a billion dollars for war. We are preparing for war and we will have war, a war, not in defense of our homes, but an imperialist war, a war to insure our financial and imperialistic interests. I shall never vote for such a war as long as I am a Member of Congress. It is over a billion dollars for war, while 700,000 W. P. A. men are being discharged from the rolls. How can anyone justify the expenditure of a billion dollars for war while at the same time 700,000 men in the United States of America are being kicked off the W. P. A.? That is the question that the unemployed will put to you in the next elections in this country. [Applause.]

[Here the gavel fell.]

Mr. UMSTEAD. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. MAVERICK].

Mr. MAVERICK. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD and to include certain excerpts.

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

There was no objection.

REPUBLICAN PARTY GETS A FASCIST WHAT-HAVE-YOU "BRAIN TRUST"

Mr. MAVERICK. Mr. Chairman, I am very much worried today because I note some little dissension among my Republican brethren. They seem to disagree on various things. But something is going to come into their lives which will banish their bickerings and disagreements. It is a "brain trust" of their own which they have gone out and hired. Is not that wonderful, after shouting against our "brain trust", and abusing the Democrats for 3 long years? What is this Republican "brain trust" for? I will tell you.

This morning I did not sleep very well, so I got up and read the Hearst newspaper. I saw in the Merry Go Round column a story about a professor by the name of Thomas N. Carver, who appears to be the head of the Republican "brain trust", and its best thinker. Then I sent out and got the Philadelphia Record and read that newspaper, and in the Washington News this afternoon I see there is another story. The Merry

Go Round, widely read American column of national news, is by Drew Pearson and Bob Allen, and the story in the Philadelphia Record, giving more details, is by Bob Allen.

It seems the Republicans and their shiny new "brain trust" have got some big ideas, and stranger or more eccentric ones were never heard before. I gather this from reading what they have to say. Here is what these brain trusters are for: In the first place, they are for nothing. That is, they are for nothing that is progressive, intelligent, or constructive in America. Then they are for everything that is reactionary, and then they are for being "yes" men for the utilities, the banks, the munition makers, and the big corporations. Then they are for setting class against class; I mean, the big property owners against ordinary humanity, ordinary Americans.

DON'T MIX REPUBLICAN BUNGLER FLETCHER WITH OUR DEMOCRAT OF SAME LAST NAME

I am now going to read some of this matter that came from the newspaper. It is pretty tiresome to read, but it explains the Republican mind and is good reading, is swell reading, because it shows just how stupid the Republican leadership is. They have what they call a National Bungler, who is Mr. Fletcher, and he went out and hired this "brain trust."

Mr. FLETCHER (interjecting). Mr. Chairman, will the gentleman give the full name—Henry P. Fletcher—not BROOKS FLETCHER?

Mr. MAVERICK. I shall be pleased to see that that is done. I will see that the name of the National Republican Bungler is not mixed with yours, BROOKS FLETCHER, a good Democrat of Ohio. [Laughter.] Our Democrat, BROOKS FLETCHER, is the opposite of the Republican one in every way.

Mr. DREWRY. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. Of course I will yield to the gentleman from Virginia.

Mr. DREWRY. I was just wondering why a good Democrat should object to the stupidity of a Republican leader.

Mr. MAVERICK. Well, I just want to call it to the attention of the American people. When I said I was worried I may have been a little sarcastic; but I do not object. You see, we have been accused for 3 years of having a "brain trust", so they went out and got a "brain trust." But it turned out to be a second-hand "brain trust", a sort of empty-headed outfit and a sort of reactionary one. In other words, they copy us, the Democrats. Imitation is a high type of flattery, but the imitation comes late, and is not up to quality. Let me read what this story says, and this is really a serious sort of thing. From the Philadelphia Record of April 30, 1936, we read as follows:

Big headline: G. O. P. brain truster's Fascist plan would limit marriage and relief.

Subheadlines: End of regulation over business among proposals of Harvard professor in economics. Sterilization of unfit, birth control, and immigration ban urged to end labor oversupply.

And here is the article. I am reading:

[By Robert S. Allen]

A program of pronounced Fascist character is being advocated by a leading member of the recently organized Republican "brain trust."

He is Thomas Nixon Carver, professor emeritus of political economy at Harvard University, and his extraordinary policies are contained in an 84-page booklet entitled "What Must We Do to Save Our Economic System." It has been privately circulated among business leaders.

This particular booklet, though there are others worse, by the same author, was published through a Fascist, big business group out in Los Angeles. Their main ideas, according to the headlines, and as I read the booklet, are forced sterilization and birth control, and an immigration ban; and to bring prosperity back to the country this Republican "brain trust" is not going to allow anybody to get married unless he first owns an automobile. Yes; this is how the Republicans are going to bring us back prosperity. Just make them all buy automobiles before they let anybody marry. First you must own an automobile and then the stock owned by the Du Ponts in General Motors will go up; Mr. Raskob will feel good; Al Smith will smile; everything will be fine; and the depression will thereby be over.

It says among other things that they would have an immediate curtailment of relief, and then the article continues:

"Lauding theories advocated by Hitler and Mussolini", who are the new gods of the Republican Party—

The Republican "brain truster" proposes that the following program be adopted by the "substantial people of America"—

Only the substantial people, you understand, are Republicans—"'the real forgotten men' (the spokesman and head brain truster for the Republicans says) to combat New Deal measures and policies."

REPUBLICAN "BRAIN TRUST" TO TURN BIG BUSINESS LOOSE ON COUNTRY; NO LABOR LEGISLATION

So I read the program of the Republican "brain trust":

1. Relaxation or elimination of Government regulation and restraints on business.

What they in effect say and really mean, is to leave business entirely without any control, have no labor legislation, no old-age pensions, no social security legislation—just let business alone and do not charge them any taxes. This is their idea of bringing back prosperity.

G. O. P. TO LET THEM—WHAT—STARVE?

Now, let me read the second one.

2. Drastic curtailment of unemployment relief with the jobless needy "forced off (relief rolls) by severe regulations," if necessary.

I understand in this Fascist organization out in Los Angeles they had a lot of conversations that they kept secret and never allowed to be printed. This booklet is one that they revised down, that is, with a lot of their more brutal suggestions cut out in the printing. The implications, however, are there. They do admit, however, relief is to be stopped by "severe regulation." There is a lot of hidden meaning and brutality in that.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. CHRISTIANSON. It seems to me that the proposal to which the gentleman from Texas properly objects follows the Administration's own policy as enunciated by the President of the United States a year ago in January when he declared that the Government "must and shall get out of this business of relief." If quoted correctly, your so-called "Republican brain truster" is only echoing the words of the Democratic President of the United States.

Mr. MAVERICK. We hope to cut it down, but we are not going to do it in the way that this man advocates, which is to let the people starve.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. Yes.

Mr. McCORMACK. The President said that that would be done as quickly as the economic circumstances would permit.

Mr. MAVERICK. I thank the gentleman; that is correct.

Mr. CHRISTIANSON. We cannot accept that explanation because the language of the President's message does not bear out what the gentleman from Massachusetts has stated.

THIRD BRAIN PLANK—NO AUTOMOBILE; NO MARRIAGE

Mr. MAVERICK. The third one suggested by the Republican "brain trust" and I presume approved by the Republican Party:

Sterilization of the "palpably unfit", use of birth control, limitation of marriage to those who can afford to buy and maintain an automobile, and exclusion of all immigrants in order to reduce the oversupply of labor.

I understand in these meetings in Los Angeles the participants went considerably further than that in their philosophy, and their intended plans on the American masses. I mention this to show the arrogant attitude of this Republican professor, and how, of course, his views met with the approval of the Republican Party, or he would not have been employed.

Now, we have been accused of regimentation of the economic life of the Nation, but it seems to me that the Republicans now want to go out and regiment family relations.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. These "brain trusters" want to do a lot of things that no one in the Democratic Party ever even thought of. When the whole story is told it will be shocking to some and funny to others. I now yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. But this so-called "Republican brain truster" is only echoing what has been proposed in bills introduced by two distinguished Democratic Members of this body, the gentleman from Oregon, Mr. PIERCE, and the gentleman from Oklahoma, Mr. GASSAWAY.

Mr. MAVERICK. Oh, they are fine gentlemen, but that has not been adopted by our "brain trust" or our party. That has been adopted by the gentleman's party. Moreover, your brain-truster apparently wants to force this upon the American people. He and his crowd of "supermen" will decide who can live, and who can, in his own words, "spawn."

G. O. P. BRAINS ADVOCATE FORCE OF PROPERTIED CLASSES AGAINST HUMAN RIGHTS

Now, the fourth point in this Republican platform, which is blue-printed for them by the Republican G. H. Q., is as follows:

No. 4. Organization of the propertied class in a party to put over this program.

That is the real idea. It is to set class against class; to use the force of property against humanity. That shows a fundamental difference in the economic, political, and social philosophy, of the two parties. This is for the purpose of setting up the propertied class against the ordinary average Americans who live in this country. The Republican Party represents centralized property and finance; the Democratic, the rights of the average man.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. Yes.

Mr. LUNDEEN. When property rights and human rights conflict, human rights must prevail.

Mr. MAVERICK. Yes; of course. I thank the distinguished gentleman.

Mr. CHRISTIANSON. Mr. Chairman, can the gentleman distinguish clearly between property rights and human rights? The gentleman must see that property as such, being dead and inanimate, can have no rights, but that the right to acquire, own, and use property is one of the most valued of all human rights.

Mr. BANKHEAD. Mr. Chairman, I hope my friend from Texas will not let this red herring which the gentleman from Minnesota is attempting to draw across the trail divert him from what he is talking about——

Mr. MAVERICK. The red herring which the Republicans are drawing across themselves with their own "brain trust" is worse; I shall not let him divert me.

(The gavel falls.)

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. UMSTEAD. Mr. Chairman, I yield the gentleman 3 minutes more.

REPUBLICAN PARTY BENDS KNEE TO LIBERTY LEAGUE

Mr. MAVERICK. I just want to say in reply to the gentleman from Minnesota [Mr. CHRISTIANSON] that the Republican Party is backed and controlled by an organization known as the American Liberty League——

Mr. CHRISTIANSON. The head of the American Liberty League is a good Democrat.

Mr. MAVERICK. Quondam, or ex-Democrat; now reactionary hired hand of the munitions interests and in his spare time a reactionary boss of the Republican Party. Furthermore, we do not acknowledge him any more. But, to go on, the Republican Party bends its head to what they call the American Liberty League. But the American Liberty League is not for liberty. They say they are, but they are for property. And that isn't all; they are for the big-propertied class, for the monopolists, and for property being owned by a few, with human rights made subservient. And I agree with the gentleman from Minnesota [Mr. CHRISTIANSON] that ownership of property is a valuable human right, but the Liberty League is only for that for themselves. I believe, however, that there should be a wide distribution of property.

HOSTILE AND SELFISH INTERESTS FINANCE MOVE

I continue reading the article by Mr. Allen in the Philadelphia Record:

Mr. Carver's name is on the cover of the pamphlet, but on the inside page are the names of three sponsors: Harold L. Doolittle, chief consulting engineer of the Southern California Edison Co.; Franklin Platt, an insurance company official, and Ernest Carroll Moore, vice president of the University of California, at Los Angeles.

In a foreword by these sponsors they reveal that Carver formulated his platform in collaboration with a large group of California bankers, utility officials, and business executives.

In his pamphlet Carver holds that the chief economic problem facing the country is unemployment. This is due, he contends, to an oversupply of labor. To remedy this he proposes what he calls the alternative to unemployment relief, viz, birth control, sterilization, restricted marriage, elimination of immigration.

Get this: the matter of birth control and sterilization is apparently not advocated even to the extent of permitting it voluntarily, but to impose it by force upon the people of the United States. That is the idea of the Republican "brain truster" employed because of his ideas.

Here is more of the program mapped out for the Republican Party by their "brain trust", which I continue to read:

Pending the operation of these measures, he proposes in the meantime to give business its head by curbing or eliminating Government regulation, balancing the budget and stopping "tinkering with our monetary system."

He also advocates cutting taxes, but would continue public works of a permanently useful nature. None of the Government's projects, however, would be of a kind to compete with private industry. Publicly owned power plants would be taboo.

This, in effect, would mean that the great T. V. A. development would be turned over to big business as a gift from the taxpayers; big business would profit from it, but the taxpayers would have to foot the bills. As for reforestation, prevention of soil erosion, and all the great reclamation, conservation, and drainage projects, the ordinary citizen would have to pay for it too.

REPUBLICAN "BRAIN TRUSTER" ADVOCATES "POPULATION PLANNING"

The story continues:

Carver lays great stress on his fear of a Communist revolution.

"The trouble has always been that economic planners have wanted to control the symptoms rather than the causes of the disease that afflict the body politic", Carver writes. "In all this welter of discussion of economic planning, scarcely a word has been uttered on the important subject of population planning.

"Yet the population problem is fundamental, and the most dangerous form of laissez faire is that which leaves the quantity and quality of our population to blind forces which are cruder and more dangerous than so-called blind economic forces."

It is presumed some high council will decide who is intelligent and who is not. And then, it seems, people who are not intelligent will be prevented from "spawning."

"So long as people who lack intelligence continue to spawn others who lack intelligence we shall have more of such people than we can possibly employ at good wages."

Carver voices a low opinion of the present reproductive processes, which, he says, are initiated by "the emotions, the passions, and the ignorance of men."

He explains that in the past strong races have taken care of their population by imperialistic territorial expansion.

"Strong races have, in the past", he declares, "solved the problem of maintaining a favorable man-land ratio by taking more land when they needed it. They at least had far-reaching plans for the solution of the fundamental problem of the man-land ratio.

"In this respect they were, on the intellectual, if not on the moral, side far ahead of any of our present-day economic planners outside of Italy, Germany, and Japan."

DUCE AND HITLER NOT SO BAD

While insisting that he abhors any governmental scheme which interferes with the freedom of the individual, Carver intimates that Mussolini and Hitler may not be as bad as painted. After all, he says, are they not the foes of Communism?

He predicts that "hungry hordes from Russia, gazing covetously across their borders at countries blessed with capitalistic plenty, will some day invade Europe."

"Europe will once more stand with her back to the Atlantic, fighting for its existence against the hordes from the East", he says. "Possibly Mussolini and Hitler are more far-seeing than the rest of us and are prepared to stand together at another field of Chalons as the ancestors of their people did in A. D. 451, who knows?"

Carver expands on his encomiums to Hitler by contending that the Nazi Fuehrer did the "rational" thing of segregating and sterilizing congenital defectives.

The United States could solve its unemployment problem, Carver says, by also engaging in a policy of imperialistic territorial expansion. He admits sadly, however, that Americans as a whole seem "especially unfitted, both by geographical position and temperament, for a career of expansion by conquest and colonization."

FINDS MENACE IN THE PEOPLE

He warns, however, that "propertyless masses" may have no "moral scruples" against such adventures.

"The landless and propertyless masses of Europe and America may find it easier to take land from their richer fellow citizens than to take land from weak races in distant parts of the earth", Carver says, adding that this is a suggestion which "property owners would do well to ponder."

The brain truster does not spare the goose-flesh of his businessmen sponsors in any portion of his pamphlet. Speaking of the possibilities of violent revolution, he says:

"The law of proletarian revolution is startling in its arithmetical simplicity. Where manual workers become overwhelmingly numerous they will have both the motive for revolution and the power to carry it through to success."

Carver ends his booklet with a call to action. He pleads with the "substantial people" to organize and defend their rights.

He suggests that it might be possible to "persuade the perplexed masses that they have more to hope for under our system than under any other."

WHICH ARE THEY, CRACKPOTS OF RIGHT OR LEFT, OR JUST PUZZLED?

Mr. MAVERICK. There is an article in the Washington News this afternoon written by Ruth Finney, showing that this Republican brain truster is vague in his thinking and does not know what he is talking about. I understand that his views were all discussed by the Du Ponts and Henry P. Fletcher, the National Republican Bungler, and Republican leaders before they hired him, so they knew and accepted what he stood for. But among other things, Carver, the brain truster, is against the tariff. He says that it is wrong, that it is improper to have a tariff, but he is narrow-minded enough on other issues, so he passed muster with the big boys who own, operate, and finance the Republican Party.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. UMSTEAD. I yield 2 minutes more to the gentleman.

Mr. MAVERICK. Let me read a paragraph from a story in the Washington News:

To cap the climax Carver disapproves of the keystone of the Republican Party, the protective tariff. It is an erroneous policy, he says, because it diverts labor into inefficient industries. He adds: "We cannot safely trust too much economic power in the hands of one individual."

CONTROL MONOPOLY—REDISTRIBUTE WEALTH—WHAT'S THAT?

Here are some more paragraphs in the news showing his views:

There are three kinds of income, Carver says, "earnings, stealings, and findings." Under earnings, he classifies wages paid for productive labor, interest on one's own accumulations, and profits on business which one manages honestly.

Stealings he lists as burglary, swindling, deception, chicanery, mendacity, and monopoly. Findings he calls mineral wealth, rise in the site value of land, and inherited wealth.

He favors proceeding, by legislative action, to redistribute all unearned wealth, and he outlines three steps toward this end—increased taxation of land values, a graduated inheritance tax, and control of monopoly prices.

WHAT DO THE REPUBLICANS STAND FOR?

He does not seem to know what he is talking about.

What I want to show to this Congress and to the people of the United States is this, that the Democratic Party offers an integrated, intelligent plan for the recovery of this Nation. But the Republican Party offers absolutely nothing—not a single idea or achievement.

Mr. Chairman, the Democratic Party at least has courage to act, to do something. Night and day for 3 long years we have been damned because we are alleged to have "brain trusters" in our administration. We admit we have some men with brains in our organization; we admit we have got brain trusters with us. And as far as I am concerned, I want to make the observation that it seems to be the settled policy of the Republican administration to get the weakest men in Government service and to have the brightest men in big business, and then it is much easier for big business to control the Government. Personally, I am proud of this Government and believe that we should get the most intelligent and best educated men in the country to serve it, and we need brains more now than ever before. The Republican Party saw that the old story about brain trusters was not going over so well, so they went out and hired some of their own—making themselves illogical and ridiculous, and at the same time, really did not get men with brains or progressive spirit, but most of them labor-hating, reactionary yes-men with vague and conflicting ideas.

My hope is that every American citizen will look forward to giving his children university educations—and of making brain-trusters out of their sons. I would like my son to be a brain-truster. I would like my son to have a trained brain and to use it for the benefit of his country. And just by way of a side remark, I had rather he used his brains for peaceful purposes than to have them shot out in a war.

There seems to be a disposition on the part of the Republicans to back everything that is brutal and stupid and cruel. They have worked all this in with the Liberty League; the Republican Party has become merely a subcommittee, without voice or vote, for the Liberty League. Meek submission to the Liberty League is all the Republicans offer the American people. They appeal to prejudices; they yell loudly when the Democrats offer anything constructive, talk vaguely of economy; do nothing, say nothing, and amount to nothing. The Democratic Party has made many mistakes, but it has attempted to give a progressive and intelligent administration to the people, with human thought and human rights predominating in thought and action. And believe me, that will be continued until we reelect Mr. Roosevelt in November—and then we'll keep on. [Applause.]

Mr. UMSTEAD. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama, Mr. BANKHEAD.

Mr. BANKHEAD. Mr. Chairman, inasmuch as the gentleman from Texas, Mr. MAVERICK, has adverted to what the distinguished gentleman from Minnesota [Mr. CHRISTIANSON] called so-called Republican "brain trusters", and in view of the fact that the Democrats were very much criticized for calling into consultation a few college professors, I desire to incorporate in the RECORD a few of the names of the heads of that organization, although there are 59 of this group of so-called Republican "brain trusters."

Dr. Saxon of Yale; Dr. Bullock of Harvard; Dr. Carver of Harvard; Dr. Hobson of Wisconsin; Dr. Tucker of Columbia. They got after us a good deal for getting Dr. Tugwell from Columbia and now they have imitated us as nearly as possible by getting a Dr. Tucker from Columbia; Dr. Bradford of Lehigh; and Dr. Carpenter of Buffalo. I think the names of these distinguished "brain trusters" ought to be embalmed in the Record for the benefit of posterity. [Applause and laughter.]

Mr. MAVERICK. Mr. Chairman, will the gentleman yield?

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

Mr. MAVERICK. Embalmed is right. They are dead intellectually and need it. I understand they tried to get jobs with the Democrats but they were so inefficient and ignorant that we would not hire them. [Laughter.]

Mr. BANKHEAD. That is the common report. I do not know whether that is true or not. [Laughter.]

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. McCORMACK. I also want to call the attention of the gentleman from Alabama to a little pamphlet which has issued for the first time by the Republican National Committee, a pamphlet numbered 1, volume 1. I wonder if that is the product of this new "brain trust"? The title is "On Our Way." It constitutes about the cheapest kind of ward politics that could be conceived in any man's mind, put out by any cheap politician. I have shown it to my friend.

Mr. BANKHEAD. The gentleman from Minnesota referred to it as "the so-called brain trust." So it has developed that they do not have any brains.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

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

Mr. MARCANTONIO. I ask the "brain trusters" on both sides, how are they going to put 12,000,000 men back to work?

Mr. BANKHEAD. The gentleman has not referred that question to me. I can answer it, but, of course, if he prefers the "brain trusters" to answer it, I will let them do it.

I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. I was going to make the observation that I hope that other members of the so-called "Republican brain trust" do not hold the views quoted by the gentleman from Texas.

Mr. MAVERICK. Oh, you cannot make any excuse like that; no, sir. Do not talk about Tugwell any more.

Mr. CHRISTIANSON. Because if they do, then I as one Republican would have to demur, for those views too nearly coincide with those which have been enunciated by the present Democratic Administration and its leaders in Congress.

Mr. MAVERICK. Oh, that is a poor excuse.

(Here the gavel fell.)

Mr. UMSTEAD. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Chairman, I desire to speak this afternoon about the 10-percent profit limitation amendment placed on the War Department appropriation bill on February 14. If the Members will give me their attention for just a minute, I believe I can call to their attention some important facts that should be taken into the consideration of the conference report that is to be considered next week.

TEN-PERCENT PROFIT LIMITATION FOR NAVY

Just to briefly refresh your memories concerning this 10-percent profit limitation amendment, let me say you will remember that more than 2 years ago a similar 10-percent profit amendment during debate in the House was placed on the Vinson-Trammell Naval Act, limiting all ship and naval-aircraft construction profits to 10 percent. Under the law it is the duty of the Internal Revenue Department to prescribe rules and regulations for. the enforcement of this profit limitation, and this has been done.

This amendment has been working satisfactorily, as shown by the Navy Department and Treasury Department records. According to the report filed today by Senator WALSH, of the Senate Naval Affairs Committee, reporting favorably H. R. 5730, he indicates this profit-limitation amendment, effective since March 27, 1934, has not worked any hardship on anyone, in making this statement:

CONTRACTS MADE UNDER EXCESSIVE-PROFIT PROVISIONS

To date there have been 637 contracts with a total contract price of $229,352,577.40 entered into subject to the provisions of the Vinson-Trammell Act. The reports received to date following completion of the contracts total 82, of which 7 show profits in excess of 10 percent, totaling $13,716.84; and 24 losses totaling $197,609.74; the remainder of 51 showing a profit of 10 percent or less.

It will be remembered that, separate and apart from the construction program carried in the regular appropriation bills of the War and Navy Departments, which totals over $1,000,000,000 for these two Departments for this year, that these two Departments have received from the Public Works Administration the past 3 years the sum of $304,846,741.50, as follows:

Public Works Administration—Allocations to the War and Navy Departments, 1933–36

[Accounts and deposits, Feb. 18, 1936]

	Fiscal year 1933	Fiscal year 1934	Fiscal year 1935	Fiscal year 1936	Total
War:					
War Air Corps (airplanes)		$7,500,000			$7,500,000.00
Seacoast defenses		6,994,000			6,994,000.00
Ordnance:					
Watertown Arsenal			$89,000		89,000.00
Rock Island Arsenal			370,000		370,000.00
Ammunition		6,000,000			6,000,000.00
Equipment			2,309,491		2,309,491.00
Motorization		10,000,000			10,000,000.00
Subtotal		30,494,000	2,768,491		33,262,491.00
Navy:					
Aeronautics		7,500,000			7,500,000.00
Ordnance		330,225		−3,046.50	327,178.50
Yards and docks:					
Physical improvements		25,150,537	331,535	275,000.00	25,757,072.00
Vessels [1]	$238,000,000				238,000,000.00
Subtotal	238,000,000	32,980,762	331,535	271,953.50	271,584,250.50
Grand total	238,000,000	63,474,762	3,100,026	271,953.50	304,846,741.50

[1] Statutory allotment.

Thus we may better realize the enormous sums of money now being expended by these two departments. Then we refer further to the favorable report of Senator WALSH, and we find this statement concerning the $238,000,000 P. W. A. ship-construction program, to say nothing of the other ship-construction appropriations made in the regular appropriation bills. The report of the Senator says:

None of the contracts for the construction of complete naval vessels subject to the provisions of the Vinson-Trammell Act have been completed to date.

Thus we find no ship-construction company has yet made any income-tax return on ship contracts since the enormous ship-construction program of this administration has begun that has had for its purpose to bring the Navy to full treaty strength. This raises the interesting question of the conditions under which these ship-construction contracts were let. I find in turning to pages 55–56 of the preliminary report of the Senate munitions investigation report, this colloquy when Mr. John P. Frey, president of the Metal Trades Department of the American Federation of Labor, was testifying:

Mr. FREY. When Mr. Wilder was at my office, some 10 or 12 days before the bids were opened, he made the statement that he could give the names of the yards who would be the lowest bidders on all of the category of ships to be contracted for. I told him that was interesting. I had heard so many rumors about various things since I had been in Washington that I had to have something more substantial than that before I would give it any consideration. He said, "I will give it to you now, and I will seal it." * * *

The CHAIRMAN. Let the record be clear. The sealed information was given 10 days before?

Mr. FREY. Yes; about 10 or 12 days before. Three days before the bids were opened I was in General Johnson's office discussing the Ship Building Code and my own impression as to the intention of the shipbuilders, and I said: "They are all in collusion." I was talking then about the code. I said, "I think they are also in collusion so far as the bids for these new vessels are concerned."

I said, "I have had given to me a list of names of the shipyards who would be the lowest bidders for one type of vessel."

I said, "It is here in my pocket", and I took it out and I said, "Here, you take this. This will be interesting to you."

Johnson said, "That is too hot. I am not going to get mixed up in anything of that kind. I have got troubles enough of my own."

And General Johnson refused to take the sealed envelope. A great deal was going on at that time to occupy my interest, and I put the envelope in my desk. The day after the bids were opened and the bids published in the daily press I called Mr. Calvin into my office and said, "Let us find out whether Wilder was filled with hot air or whether he really knew what he was talking about."

Mr. FREY. * * * We opened the envelope and we checked them off and Mr. Wilder was accurate in every instance. He had named the lowest bidders.

Senator VANDENBERG. Who were the three lowest bidders?

Mr. FREY. There were submarines to be built, and destroyers to be built, and light cruisers, and armored cruisers, and aircraft carriers.

Senator VANDENBERG. Who were the successful bidders which Mr. Wilder identified?

Mr. FREY. There I have to depend on memory. I believe that the Bath Iron Works, the Bethlehem Shipbuilding Co., the New York Shipbuilding Co., the Newport News Shipbuilding & Dry Dock Co., and I think there may have been one other.

In any event, as we checked up, we find that the statement which Mr. Wilder had given to me 10 days before was right.

Senator VANDENBERG. Did you mention Bethlehem?

Mr. FREY. Yes. Afterward I asked Mr. Wilder how he could give us so accurately the information, and his reply was perhaps characteristic. He said, "I have been in the game myself."

He was president of the New York Shipbuilding Co. for a while.

Senator VANDENBERG. How many ships were involved in this contract letting?

Mr. FREY. All of the ships that were contracted for under the original $238,000,000 appropriation.

Senator VANDENBERG. It was a large number of ships?

Mr. FREY. Yes.

Senator VANDENBERG. Thirty-odd ships?

Mr. FREY. Yes, sir.

Senator VANDENBERG. In various tonnage categories?

Mr. FREY. Yes, sir; from submarines to aircraft carriers.

Senator CLARK. The Bath Iron Works got one or two, Mr. Frey?

Mr. FREY. I think they secured two.

Senator CLARK. A very small proportion of the whole?

Mr. FREY. Yes.

Senator VANDENBERG. And with respect to all this diversified contractual structure, all of these various types of ships, Mr. Wilder's estimate as to the prophecy of who was to get the same, made 10 days before the bids were opened, proved scrupulously accurate in every respect?

Mr. FREY. In every instance. I forgot to mention that—and Mr. Calvin has refreshed my memory on this—that the Federal Ship Yard and the United Dry Docks were also bidders and also secured contracts at that time.

Mr. Wilder, who submitted in advance of the bidding in 1933 a list of low bidders to Mr. Frey, testified that the prearrangement in 1933 was known also to potential subcontractors:

Senator CLARK. Referring again to this transaction in 1933, Mr. Wilder, when you supplied this list to Mr. Frey and Mr. Calvin, you say that that was a matter of general information at that time?

Mr. WILDER. Yes, sir.

Senator CLARK. Will you describe a little further what you meant by "general information"?

Mr. WILDER. General knowledge would be a better word.

Senator CLARK. General knowledge?

Mr. WILDER. Yes, sir. Such people as the Chicago Pneumatic Tool, Westinghouse, or any large corporation that is supplying the shipbuilders knew what the arrangements were.

Senator CLARK. What were the arrangements?

Mr. WILDER. Knew where to look for the business.

Thus we find not only fraud and collusion among the ship contractors on arranging who would be high and low bidders, but this information, it seems, was known to the subcontractors as well who would furnish most of the technical equipment and material for use of these ships.

We find Mr. Wilder further testified how he happened to get hold of the confidential information (p. 57, preliminary Munitions Committee report):

Mr. WILDER. Now, if the Senator will permit, the reason I got that information was because the shipbuilders are reported to have had one whale of a row, and as a result of that row, this row being in the week prior to July 26, 1933——

Senator VANDENBERG. You mean the "big three" had a row?

Mr. WILDER. The "big three" had a row, and how. You had Charley Langell on the stand the other day. If you call him again, ask him what happened; why it was necessary for him to go out of the conference room and telephone Camden and urge Ernest Cornbrook to get in a plane and come right down.

Senator CLARK. Who is Ernest Cornbrook?

Mr. WILDER. Operating vice president of New York Ship. Bardo was getting the worst of the argument. Langell is the estimator. Langell had sense enough to go out and fly down. That was a week prior to July 26. It was reported that the row was so severe that Mr. Cornbrook had a heart attack at 4 o'clock in the morning and was taken out on a stretcher at the Mayflower Hotel. That was Thursday or Friday before the bids were opened.

Senator VANDENBERG. That is, at a meeting, an all-night session in the Mayflower Hotel, between the representatives of the "big three" a week before the bids?

Mr. WILDER. The week before. I cannot place it exactly.

Senator VANDENBERG. The week before the bids?

Mr. WILDER. The week before the bids, Thursday or Friday. Mr. Ernest Cornbrook flew down, and then at 4 o'clock was taken out on a stretcher. It was reported to me that the subject of the row was that Bethlehem would not accept the fighting ship and wanted something more out of it in addition. That was the reason.

Senator VANDENBERG. What else was reported out of the meeting?

Mr. WILDER. That is all.

Senator CLARK. Was this before the bids were filed?

Mr. WILDER. Before the bids were opened. It was on the basis that Bethlehem get one 8-inch-gun, 10,000-ton cruiser and 4 destroyer leaders of 1,850 tons; New York Ship, two 6-inch-gun, 10,000-ton cruisers and 4 destroyer leaders of 1,850 tons; and Newport News, 2 aircraft carriers.

Senator BONE. The bids had not yet been filed?

Mr. WILDER. No, sir.

Senator BONE. Manifestly, you could not have an understanding of that kind without knowing the attitude of the Navy Department, because it involved two different parties.

Mr. WILDER. That is just what I wanted to clear up Senator Clark on. This had nothing to do with awards. This was the filing of the bids.

Senator BONE. I understand, but the award is the important part. If they were made in that way and there was collusion, the Navy Department would have to be a part of it.

Senator BARBOUR. Awards can only be on the basis of a bid.

Senator BONE. I understand that.

Senator CLARK. Mr. Chairman, I am glad Senator BONE brought that up. Assuming collusion on any bid, the method by which that would be determined would be for the party selected by the conspirators to make the low bid and for the other parties to the understanding to make so-called protective bids?

Mr. WILDER. Yes, sir.

Senator CLARK. Sufficiently higher so that the selected party would necessarily be the low bidder. Is not that the customary method Mr. Wilder?

Mr. WILDER. Yes, sir.

Senator VANDENBERG. In other words, if at that midnight meeting it was decided that Bethlehem is to get—what does Bethlehem get?

Mr. WILDER. One 8-inch-gun cruiser and four destroyer leaders.

Senator VANDENBERG. All right. If they decided at that midnight meeting that Bethlehem is to have that particular group of ships, then Bethlehem bids low on that group, and the other two bidders bid high. Is that the way it works?

Mr. WILDER. Yes, sir; that is the way, the explanation of the 1933 situation.

Senator BONE. That is the explanation I wanted.

Senator VANDENBERG. Then to reciprocate Bethlehem bids high upon whatever ships are allocated to the other builders?

Mr. WILDER. Yes, sir. They faced a rather definite situation there.

Senator BONE. They were parceling the country out? "All Gaul is divided into three parts."

Mr. WILDER. Oh, yes; it is just the "great divide." They are quite accustomed to that in Bethlehem. They used to do it, and called it "Bonus Hill."

The testimony of Mr. Frey and Mr. Wilcher as shown by the munition hearings was rather fully verified and substantiated by documentary evidence and statements of others placed in a position to know the facts.

Profits on ship construction before 10-percent limitation amendment.

Before the 10-percent profit limitation amendment was offered and approved on March 27, 1934, we find these same ship contractors making these admitted large profits:

	Dollars	Percent
Cruiser *Augusta* (Newport)	2,800,945	35
Cruiser *Houston* (Newport)	2,800,945	35
Cruiser *Chester* (New York Ship)	2,946,706	36.9
Cruiser *Northampton* (Bethlehem)	2,200,000	25.4
Cruiser *Indianapolis* (New York Ship)	3,007,049	33.4
Cruiser *Portland* (Bethlehem)	2,058,796	21.8
Aircraft carrier *Ranger* (Newport News)	3,050,000	23.1

Last year the lobbyists for the ship contractors and scientific-instrument concerns in particular came before Congress with the above-described legislation practically to nullify or repeal the Vinson-Trammell Ship Authorization Act by excepting practically all of the firms that operated under it, as shown by the provisions of H. R. 5730. That legislation passed the House by a few votes. On a motion I offered an amendment to strike out the enacting clause, and a change of eight votes would have defeated it. I believe we would have been able to defeat this legislation had we been given equal time in debate and had we been able to thus present the full facts concerning this matter before the House.

So, we now have this situation existing: The 10-percent-limitation amendment as it applies to all ship and aircraft

construction for the Navy is in the law today, and the Treasury Department has provided adequate regulations to make it effective.

TEN-PERCENT PROFIT LIMITATION FOR WAR DEPARTMENT

As to the War Department appropriation bill, the amendment that was unanimously adopted by the House, thoroughly understood by the committee, was taken out in the Senate as shown by the RECORD, largely, I believe, by misinformation given the Senate concerning the fundamentals of the amendment. I refer you to my speeches on this subject of February 18 and March 23, also the Senate hearings upon the Subcommittee on Appropriations. The 10-percent amendment, as I understand it now, has been taken out by the conference committee in its report which will be given to the House next week. I am taking this opportunity to call your attention to some of the reasons why I believe this amendment should be placed back in the War Department bill to put them on an identical basis with the Navy concerning similar purchases of aircraft and ship procurement.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield for a question.

Mr. LUNDEEN. Would it not be better if we had Government ownership of the manufacture of munitions? And let me add that I am in agreement with the gentleman on his 10-percent proposition.

Mr. McFARLANE. I should like to see that on all war munitions supply; but until we can get that, we should properly curb the exorbitant profits now being made by these different concerns, all of whom are practically owned and controlled, directly or indirectly, by the Chase National, National City, and the J. P. Morgan group——

Mr. LUNDEEN. I agree with the gentleman about that.

Mr. McFARLANE. Until we can bring that about it is up to us adequately to limit the profits these different concerns are making. I have here a chart which I inserted in the RECORD, Seventy-third Congress, second session, page 4977, showing the interlocking set-up of the aviation industry, which shows this entire industry is just one big family largely owned and controlled by a very few big Wall Street bankers. I inserted this chart and another one in the record of the hearings of the Naval Affairs Committee in 1934, and it has never been successfully denied. These two charts show the complete interlocking set-up of the Air Trust and show also these three financial institutions practically completely own and dominate the entire aircraft industry.

Until we can better control this situation and stop these enormous profits I say we should at least limit their profits to not to exceed 10 percent. Let me briefly refer to the reasons given by General Craig and Assistant Secretary of War Woodring as to why this 10-percent amendment should be taken out of the War Department appropriation bill. This 10-percent-profits amendment was taken out by the Senate.

WAR DEPARTMENT'S OBJECTIONS ANSWERED

They say first that it will greatly delay procurement. This is not true, as shown by the records of the Departments themselves. The Navy has operated efficiently under the Aircraft Act of 1926, even though they have not followed it and have made very little attempt to, but they have made a much better showing than the War Department has, although they are deliberately violating the law every day in their purchases. Now, if Congress is going to say, "All right, boys, we will take it your way"—and that is what the Congress is doing if they allow them to get by with this—then, that is that; but certainly these Departments cannot show any records to justify it. The Navy Department operating under the 10-percent limitation is far ahead in their procurement methods.

The second objection they raise is that it will stifle research and development. To the contrary, that is not true. The system they are now using in both departments is stifling research and development. The Aircraft Act of 1926 was designed to encourage research and development. For example, this act, section 10 A to E, provides how open competition shall be had through advertising in at least three leading aeronautical journals prior to letting any contracts for new designs of aircraft or aeronautical parts or accessories. Then when the winner of this competition is determined under section 10 K the law provides how the new design shall be builded into the new planes. And Congress year after year has appropriated millions of dollars for the War and Navy Departments for this research and development work. Then, whether the experimental plane is purchased under section 10 A to E, open design competition, or section 10 K, experimental model, either domestic or foreign, purchased without competition, the Government is then ready to consider quantity purchases, if needed. And under the law, if and when followed, it provides clearly how the Government shall pay for all research and development.

However, under the systems of procurement set up by the War and Navy Departments, the plain letter of the law is not complied with, and the Air Trust merchants apparently have their own way under the procurement set-up in effect, which makes it greatly to their advantage to be able to furnish the complete airplane on the line for test, knowing that if with their pressure they can put over the sale, that regardless of merit they will get plenty of allowance or leeway given them for supposed research and development work, and this to be taken into consideration in the consideration of their contract bid.

Under Mr. Woodring's view on the line complete airplane test system, what chance does the inventor or small airplane manufacturer have? The answer is none. The big Air Trust manufacturer submits his new dressed-up model with its few little new frills on it, and regardless of the real merit of the planes in this kind of competition there is nothing to keep the departments from buying whatever plane they please. And the Comptroller's office has repeatedly called these matters to the attention of the War and Navy Departments, and has pointed out to them the weakness of their own weak, improvised systems—set up by them apparently to knowingly and willfully violate the procurement laws. The War and Navy Departments are deliberately violating the procurement law and have done so ever since 1926. I have shown by the Comptroller's records where they have done that year after year—see pages 10034, 10043, CONGRESSIONAL RECORD, Seventy-third Congress, second session—and they are doing it now.

They have failed to follow the law, and I have made speeches on the floor at different times, for instance, on February 18 and March 23, this year, in which I put the facts in the RECORD, pointing out same. No one can stand on this floor and by the Government records deny those facts. They are true.

PROFITS ALLOWED IN ENGLAND, FRANCE, AND ITALY

Now, the question the Congress should decide is, What are you going to do about it? England, France, Italy, and other major powers have held that 5, 6, and not to exceed 8 percent is a handsome profit to give these concerns on production contracts, and that is the maximum amount those countries allow.

ADMINISTRATION FAVORS PROFITS LIMITATION

This administration, I know, agrees with that proposition. I am not their spokesman, and I do not claim to be, and I am not quoting them, but I remember the battle the President made as Assistant Secretary of the Navy to curb these war-material profiteers and how he tried to hold down their profits.

EXPERIMENTAL-RESEARCH EXPENDITURES

I will put in the RECORD the facts showing how much we have spent year after year for experimental work in the Navy Department.

The Congress the last 10 years has made the following appropriations for the Navy for experimental work:

Fiscal year:	*Amount*
1926	$1,674,277
1927	1,664,364
1928	1,640,844
1929	1,966,113
1930	1,807,034

Fiscal year—Continued.	Amount
1931	$1,991,092
1932	2,107,971
1933	1,985,975
1934	2,197,558
1935	1,820,597
1936 (to Mar. 16, 1936)	1,591,827
Total	20,447,652

Mr. Chairman, we are spending a tremendous amount of money to carry on this experimental and research work, in both the Army and the Navy and associated departments, and the Government, not private industry, is directly taking care of all that expense. In addition to that the National Advisory Committee on Aeronautics is spending, and has spent year after year, according to the figures I have, large sums of money annually for experimental work which they carry on largely for the benefit of the Army and Navy, and indirectly for the benefit of the Air Trust. In 1935 the Army spent $4,541,799. This bill carries an appropriation of $4,865,293 for experimental work. This is supposed to take care of their experimental work. There is no question about that.

WAR DEPARTMENT SYSTEM STIFLES RESEARCH

It is said that if this money is not appropriated it will stifle research. This research is stifled by the system under which they are operating, as above pointed out, and by the system which these prominent divisions of the War and Navy Departments have set up. Let me quote from Mr. Woodring's testimony as he gave it before the Senate Appropriations Committee on March 3, 1936. Here is what Mr. Woodring, in part, said (see pp. 22–31):

In looking up the law some 2 years ago I found that we were not carrying out the law, the Defense Aircraft Act of 1926, in the method in which we were procuring our aircraft, and as you know—you have heard a lot about it—we changed from a negotiated contract to a competitive bidding basis, which I think conscientious opinion holds is according to law.

The second thing that I have in mind was that we would, in changing to a competitive method of procurement, that we would transfer from the Government bureau, from a Government bureau, and Government civil service, and Army men, at Wright Field, we would transfer from them the development in engineering, designing, and possibly construction of airplanes over to industry, where I think it rightfully belongs.

I am against the Government being in business, in the manufacture of any of this business, especially of airplanes. The competitive method of doing business puts the responsibility of design and progress of military aircraft in the hands of the industry. * * *

The second phase of my change was to put this procurement responsibility and the progress of military aviation upon industry.

Further, in explanation of the procurement policy installed, Mr. Woodring said:

The House Military Affairs Committee have conducted a detailed investigation into Army aircraft procurement over this same period, and my office in collaboration with this committee have worked out a policy of procurement which has been in effect some 20 months and is definitely producing the desired results. * * * Now the system is becoming effective, and this year we will have over 500 modern airplanes delivered, and they, I want to say to you, are the finest airplanes that any country has in military aviation. I believe they are 2 years in advance, in progress, of any other military arm of government.

So that now Mr. Woodring describes his procurement system built up as follows:

The bidder is required to submit with his bid a completed airplane on the line for test, as he submits his bid, and these airplanes are thoroughly tested and contracts awarded to the manufacturer who has produced the finest performing airplane, after we have evaluated all the planes in competition.

To insure the reasonableness of the cost a careful financial audit is made of the cost figures of the manufacturer, after we make an award. This policy is resulting in a constant striving on the part of the manufacturers to offer better and better performing aircraft. It places squarely on the shoulders of industry, where it logically belongs, the necessary research and development work and gives the Government the active use and benefit of all the brains of the industry.

For instance, we will send out invitations for bombers for delivery in 10 or 12 months, and probably three different concerns scattered well over the United States to bid on bombers. Certainly under that kind of a system the companies are going, with their engineering and designing and researching departments, are going to try and build, develop and build, and deliver on the line the finest bomber in order to win the competition and therefore get the business.

Certainly it can thus be seen from the system set up by Mr. Woodring that research and development is being stifled, and under his system the little fellow and independent inventor do not have a chance.

[Here the gavel fell.]

Mr. UMSTEAD. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. McFARLANE. Secretary Woodring stated further:

Assistant Secretary WOODRING. I feel that competitive bidding is now giving the Government adequate protection as well as resulting in marked improvements in aircraft performance, and as a further precaution the Army Air Corps carefully audits the books of the manufacturers under the now-existing provision of the Aircraft Act of 1926.

Senator COPELAND. In that audit, Mr. Secretary, is the Department going into the question of salaries of officials and that sort of thing?

Assistant Secretary WOODRING. I believe the salaries paid to officials is left out. We go into the costs of labor. We go into the actual cost of the airplanes, leaving out overhead. I think every factor, leaving out overhead, is gone into, I would say.

And I think to put on a 10-percent limitation would be to go back to the cost-plus contract.

Thus we clearly get Mr. Woodring's views on how he claims following the aircraft of 1926 would reduce competition. The above quotations from his testimony clearly show why he feels that to advertise in the papers would reduce competitive bidding. In other words, to follow the War Department reasoning—circularizing the aircraft trade, setting out specifications for bids which require a complete airplane to be submitted for test on the line gives free competition and advertising for aircraft procurement, first through design competition, then build the experimental plane through negotiated contract at Government expense based on this design competition would not be as free competition as the system improvised by Mr. Woodring, which keeps the small producer from competing because he cannot build a model plane and submit it on the line for such tests.

Mr. Woodring knows the system he has worked out is clearly contrary to the present law.

Assistant Secretary Woodring appeared before the committee and stated, "If you limit us to 10 percent profit we cannot buy aircraft." How do they know? They have never tried it. Here is the way the Army buys aircraft. They will write a letter or send out a circular stating the requirements they propose for an airplane of a certain design and character. They will send these circulars to a few concerns which they want to have bid on the contracts. A sample plane is then brought down which meets those specifications. Then they conduct flying tests of the airplane, the finished product, and the one that suits them they buy, regardless of price, and regardless of whether it is the highest or lowest bid.

That is shown in the RECORD, and Senator FRAZIER has shown that in debate in the Senate, and the facts cannot successfully be denied. No one will attempt to deny these facts from the War Department records. Take the last contract for 20 planes. Four different concerns bid, and this is what Comptroller McCarl said about this purchase of 20 airplanes by the War Department from the Douglas Aircraft Co., the highest bidder, without any proper competition, as required by law:

The abstract of bids shows that the Douglas Aircraft Co., Inc., which received the award for the delivery of 20 airplanes, submitted a bid of $49,500 each for the skeleton airplanes; the Curtiss-Wright Airplane Co. submitted a bid of $29,500 each; the Fairchild Aircraft Corporation submitted a bid of $29,150 each; and the Bellanca Aircraft Co. submitted a bid of $17,424 each. That is to say, the bid of the Douglas Aircraft Co., Inc., for $49,500 was more than $20,000 each in excess of the bids submitted by the Fairchild Aircraft Corporation and by the Curtiss-Wright Airplane Co. for delivery of airplanes within the specifications as advertised. You report that the bid of the Bellanca Aircraft Co. was not considered because of failure to supply an airplane for tests.

There was no competition with respect to price, and as hereinbefore stated there was a difference of approximately $20,000 per plane, or $400,000 for the 20 planes contracted for (about 94 percent), between the offering by the Douglas Aircraft Co., Inc., which was accepted, and that by the Fairchild Aircraft Corporation, yet the offering of the latter far exceeded the minimum requirements of the specifications.

The plan having provided no method of translating difference in "figures of merit" into terms of money, it would have been possible

thereunder for the Douglas Aircraft Co., Inc., or other bidder, whose offering exceeded only to the extent of a few "points" the offerings by competitors, to have obtained an award even though its bid exceeded even in greater amount the bids of competitors than the approximately 94 percent actually appearing here.

There can be no proper evaluation of offerings, except perchance in certain design competitions, where price is totally disregarded and comparison is solely on the basis of design, construction, and performance. Obviously, uses of public moneys appropriated for defense would not be justified in paying an amount possibly three or four times actual value, and much in excess of a bid offering an airplane far exceeding the minimum requirements, just because the offering of the high bid outscored the offering of the lower bidder by a few points—and this perchance, with respect to elements not necessarily of the exact value or importance accorded in the evaluation table.

In the instant matter while it was stated in the request for bids that award would be made under subparagraph (t) of section 10 of the act of July 2, 1926, which subparagraph is applicable to awards for quantity production of particular designs theretofore determined pursuant to law to be best for the needs of the United States, the plan specified for determining the offering to receive the award clearly discloses that no particular design had been so determined to be best for the needs of the United States in that such competition as there was in the matter went only to such elements as design, construction, and performance—competition as to price was wholly lacking.

As has several times been stated by this office in decisions to both the Secretary of War and the Secretary of the Navy, with respect to uses of appropriations under the act of July 2, 1926 (44 Stat. 788), the law contemplates that there be design competition for the purpose of determining the airplanes best suited for the needs of the United States, and that after it has been so determined what designs of airplanes are best suited for the needs of the United States there shall be advertising, on the basis of such designs, for quantity production, with award under subparagraph (t) of section 10 of said act. While the War Department has contended for other procedures and has operated in such manner as to make it difficult for the accounting officers of the Government to give reasonable effect to the law as so interpreted by decisions as to the legal availability of the appropriations involved, and yet avoid drawing the lines too sharply on administrative effort, and there have been numerous and extended investigations and hearings by committees of the Congress, yet the law as so interpreted has remained unchanged and the instant transaction was had in the light thereof. In such circumstances the accounting officers may not properly, and without limit, continue to overcome the effects of faulty administration by setting up safeguards around particular transactions, apparently sufficient in the circumstances to protect the Treasury. Then, too, bidders have interests that are for respecting.

The procedure was not as authorized by the act of July 2, 1926, supra, for quantity production and so as to obligate the appropriation proposed to be utilized accordingly, and while it has characteristics of a design competition, as provided for by said act, such a competition does not contemplate purchase of 20 airplanes as was contracted for, but rather 1 or possibly 2—with advertising for quantity production after there has thus been determined the particular airplane best suited to the needs of the United States.

In view of all the circumstances appearing, however, including the appearance of some improvement in administrative methods, it may be stated that if there exists such serious need for early delivery and use as to negative in the public interest cancelation of the contract and advertising for quantity production of such airplane as has been determined to be best suited to the needs of the United States, as contemplated by the act of July 2, 1926, supra, and such facts are made of record here, it would seem this office might be justified in withholding objection to uses of the appropriation in making payments—but only to the extent of established reasonable and necessary costs to contractors in manufacturing the airplanes as contracted for, plus reasonable profit—and within the price as stated in the contract. This, of course, because of total lack of competition as to price and the wide difference between the amount of the high bid, accepted, and the lower bids offering airplanes showing merit far in excess of the minimum requirements, and which were rejected.

So thus we see that the War Department is still pursuing their same old tactics of omitting open competition and are continuing to purchase on a quantity basis for what is supposed to be experimental planes. In this particular case, for example, the Fairchild Aircraft Corporation bid $20,350 per plane less than the Douglas Aircraft Co., and their bid was considerably over the minimum requirements of the War Department, and yet they failed to receive any contract, and this is under the late improvements in procurement carried on about which Mr. Woodring says he is so proud.

[Here the gavel fell.]

Mr. UMSTEAD. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. McFARLANE. Here is one of the late contracts the War Department had in buying aircraft. The Douglas Aircraft Co. of California, a part of the Air Trust, bid $49,500 per plane for 20 planes. The other bidders bid from $20,000 to $30,000 less per plane. Each of the bids was above the minimum requirements of the War Department, and yet they bought the Douglas Aircraft plane that cost the Government more than $400,000 for the skeleton planes than the other bids. Think of it. And yet Mr. Woodring has the gall to tell you that this is competition. It is the kind of competition you have today in the War Department.

The same thing goes through the whole field of purchases, including all accessories. I have copies of contracts recently let without competitive bidding for spark plugs, showing we are paying about $3 each for the spark plugs for these planes when you can buy them through competition for less than half that amount.

However, we cannot get competition, and, Mr. Chairman, we are not going to be able to get competition unless this Congress will insist upon the plain letter of the law being enforced.

The experience of the Navy Department clearly shows that this has not worked any hardship upon them and that the system has been satisfactory and only one single concern has ever refused to come in under the system used by the Navy, and it is a much better one than the one used by the War Department. The Navy Department under its 10-percent limitation has been getting more satisfactory results and better equipment than the Army.

As to the statement Mr. Woodring makes that the equipment bought now under this so-called competitive system of his is 2 years ahead of anything in the world, that is all bunk. It is not true. I challenge the statement, and I challenge him to prove it. The planes we are buying today are at least 2 years behind the planes purchased in European countries today, and their performance record shows it.

Practically every record held for different aircraft performances is held by European countries, and they have real competition over there. They have a system of procurement that gets the most for the least money. Over here we are interested so much in merchandizing we have not time to consider the matter seriously and give the American taxpayer a break by giving us the most for our money. The Chase National Bank and the National City Bank and the Morgans are interested in selling their merchandise at the best possible prices regardless of relative world standing; they are not interested in our aircraft maintaining its proper position among the world powers in the air.

[Here the gavel fell.]

Mr. McFARLANE. I wish I had more time to cover this subject. I believe I could give the House some valuable information which they ought to have in passing on this profits-limitation question, as involved in the Army and Navy bills. [Applause.]

Mr. UMSTEAD. Mr. Chairman, I ask unanimous consent that all Members who have spoken on this bill today may have 5 legislative days within which to revise and extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. UMSTEAD. 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. VINSON of Kentucky, 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. 12527, the Navy Department appropriation bill, had come to no resolution thereon.

MY TRIBUTE

Mr. ASHBROOK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the life and character of the late Senator Frank B. Willis, of Ohio.

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

There was no objection.

Mr. ASHBROOK. Mr. Speaker, I have concluded, after many years of service in Congress that there are but two worth-while reasons why any man or woman should be tempted to forsake the happiness of home and its comparative peaceful environments for public service and conflicts.

First. An honest desire to serve the best interests of his fellow man; to lift humanity. If this is genuinely the predominant motive which prompts one to take up the responsibilities of public life—and the belief that the consciousness in his own heart of duty well performed is sufficient reward—then welcome to the political arena, but be assured that the old prophet wisely said, "Vanity, vanity, all is vanity."

Second. The opportunity of public life, particularly service in Congress makes it possible to meet, to know, to enjoy, and to profit by close acquaintance and fellowship with the men and women who carry on the legislative, executive, and judicial branches of our great Government. My service in Congress has afforded me the rare privilege to have personal, and ofttimes intimate, acquaintance with 7 Presidents, scores of Cabinet members, jurists, and possibly 2,000 Senators and Representatives. This high advantage is fully 50 percent of the permanent reward of my humble service.

High among this long and large list of notables who have come and gone and yet tarry looms the name of my colleague, Frank B. Willis. He adorned and ornamented the scrolls upon which are indelibly engrossed the names of many distinguished Ohioans. When near the highest pinnacle of honor and fame, this great and good man was ruthlessly stricken down in his beloved home city of Delaware, where he was so genuinely loved and honored.

It was my privilege and honor to know Senator Willis for 40 years. I knew him as a student at Ada, brilliant and ambitious; as an outstanding professor in that university; as a State legislator. I was here to welcome him when he first came to Congress 25 years ago, happy to congratulate him when he became Governor of Ohio, and again when he returned to serve in the Senate of the United States. His rise was as rapid as it was deserved. No one, no thing, could long restrain his indomitable spirit or his high aspirations. He was more than equal to every trust and to every responsibility; no scar, no stain is upon his escutcheon. He hitched his ambition to the stars, and had not the Common Leveler of all untimely interfered, the highest gift of the American people seemed within his grasp. It is the unsolved mystery of life why one so splendidly equipped for highest honors, one so needed should be so suddenly cut down while at the meridian of life and usefulness.

A prince once said of a king struck down,
Taller is he in death.
These words hold good, now as then,
'Tis after death we measure men.

These lines all must approve. It is after the passions of envy and prejudice are softened by time an unbiased appraisal of the worth and character of men and women are truly and fairly measured. Frank B. Willis stood in life like the mighty oak, towering high, monarch of the forest, which when it crashes to mother earth leaves a void not easily filled or soon replaced. The historian who coldly but considerately measures men for their worth, I am sure, will place my friend Senator Frank B. Willis, high among the great statesmen of his day. His memory will long continue to abide as sweet incense to thousands of admirers and his loved ones.

EXTENSION OF REMARKS

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an aviation industry chart as a part of the remarks I made today in Committee.

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

There was no objection.

NAVAL APPROPRIATION BILL, 1937

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to reserve all points of order on the bill H. R. 12527, the Navy Department appropriation bill.

Mr. UMSTEAD. Mr. Speaker, I have no objection to the request of the gentleman from Michigan.

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

The SPEAKER. Request is made by the gentleman from Michigan that he be permitted to reserve all points of order on the Navy Department appropriation bill.

Mr. BLANTON. Mr. Speaker, I may say to my colleague that it is usual on both sides of the aisle to always allow the minority party to reserve all points of order on an appropriation bill, and I hope the gentleman will not object to this request.

Mr. BANKHEAD. Is there any particular item in the bill that the gentleman wishes to reserve points of order to?

Mr. McLEOD. Not at this time.

Mr. BANKHEAD. I shall not object.

The SPEAKER. Is there objection?

There was no objection.

COINAGE OF 50-CENT PIECES, SWEDES IN DELAWARE

Mr. STEWART. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Joint Resolution 231, to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the landing of the Swedes in Delaware.

The SPEAKER. The gentleman from Delaware asks unanimous consent for the present consideration of Senate Joint Resolution 231, which the Clerk will report.

The Clerk read as follows:

Senate Joint Resolution 231

Resolved, etc., That in commemoration of the three hundredth anniversary of the landing of the Swedes in Delaware there shall be coined at a mint of the United States to be designated by the Director of the Mint not to exceed 20,000 silver 50-cent pieces of standard size, weight, and composition and of a special appropriate single design, containing some recognized emblem of the State of Delaware, 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 the president of the Delaware Tercentenary Commission upon payment by him of the par value of such coins, but not less than 5,000 such coins shall be issued to him 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 commission, 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 present consideration of the joint resolution?

There was no objection.

The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment: Page 1, line 6, strike out the words "to exceed twenty" and insert "less than twenty-five"; page 2, line 10, strike out the word "five" and insert in lieu thereof the word "twenty-five."

The SPEAKER. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

Mr. STEWART. Mr. Speaker, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STEWART: Page 2, line 8, after the word "Delaware" insert the word "Swedish."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The joint resolution, as amended, was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DURATION OF GENERAL DEBATE

Mr. UMSTEAD. Mr. Speaker, I ask unanimous consent that debate tomorrow on the bill under consideration, making appropriations for the Navy Department, be confined to the bill and limited to 1 hour and 30 minutes, not less than 1 hour of which shall be given to the gentleman from Michigan.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that general debate upon the pending bill be limited to one hour and a half, to be confined to the bill, with not less than 1 hour of the time mentioned to be allotted to the gentleman from Michigan, the other time to be controlled by himself. Is there objection?

Mr. LUNDEEN. Mr. Speaker, I shall not object, but I should like to say that this discussion has been healthy.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HIGGINS of Connecticut, for 5 days, on account of illness in family.

To Mr. SWEENEY, for 12 days, on account of important business.

To Mr. ZIONCHECK, indefinitely, on account of official business.

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 a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

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. 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.; and

H. J. Res. 215. Joint resolution to amend Public Act No. 435, Seventy-second Congress.

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S. J. Res. 247. Joint resolution 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.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

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. 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.; and

H. J. Res. 215. Joint resolution to amend Public Act. No. 435, Seventy-second Congress.

ADJOURNMENT

Mr. UMSTEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 18 minutes p. m.) the House adjourned until tomorrow, Friday, May 1, 1936, at 12 o'clock noon.

MOTION TO DISCHARGE COMMITTEE

MARCH 5, 1935.

To the CLERK OF THE HOUSE OF REPRESENTATIVES:

Pursuant to clause 4 of rule XXVII, I, Hon. CHARLES G. BINDERUP, move to discharge the Committee on Rules from the consideration of the resolution (H. Res. 123) entitled "A resolution to make H. R. 2066, a bill to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a Board of Agriculture to supervise the same", a special order of business, which was referred to said committee February 21, 1935, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. Charles G. Binderup
2. Karl Stefan
3. F. L. Crawford
4. Randolph Carpenter
5. Ernest Lundeen
6. Guy M. Gillette
7. R. T. Buckler
8. Charles V. Truax
9. Finly H. Gray
10. William W. Blackney
11. Frank Carlson
12. Earl C. Michener
13. Gardner R. Withrow
14. Albert J. Engel
15. W. P. Lambertson
16. Merlin Hull
17. William A. Pittenger
18. John E. Miller
19. William T. Schulte
20. Fred H. Hildebrandt
21. Will Rogers
22. Martin F. Smith
23. Henry E. Stubbs
24. Knute Hill
25. Harry Sauthoff
26. Theo. B. Werner
27. John Lesinski
28. M. A. Zioncheck
29. Compton I. White
30. Usher L. Burdick
31. I. H. Doutrich
32. B. J. Gehrmann
33. Fred C. Gilchrist
34. Jesse P. Wolcott
35. Phil Ferguson
36. Wilburn Cartwright
37. Edward W. Patterson
38. Roy O. Woodruff
39. George G. Sadowski
40. William Lemke
41. W. D. McFarlane
42. Paul John Kvale
43. P. L. Gassaway
44. John T. Buckbee
45. John W. Gwynne
46. Jed Johnson
47. Jack Nichols
48. Dan R. McGehee
49. James W. Mott
50. Joseph P. Monaghan
51. Vito Marcantonio
52. Henry C. Luckey
53. G. J. Boileau
54. Sam Massingale
55. Edward C. Eicher
56. Maury Maverick
57. Clarence Cannon
58. Everett M. Dirksen
59. Thomas R. Amlie
60. Dewey Short
61. James H. Gildea
62. Elmer J. Ryan
63. M. C. Wallgren
64. J. H. Hoeppel
65. U. S. Guyer
66. John A. Martin
67. James I. Farley
68. Raymond J. Cannon
69. R. T. Wood
70. Roy E. Ayers
71. B. K. Focht
72. Aubert C. Dunn
73. Clare E. Hoffman
74. Martin L. Sweeney
75. Harold Knutson
76. Walter M. Pierce
77. Frank C. Kniffin
78. Charles L. Eckert
79. B. W. Gearhart
80. Paul R. Greever
81. Abe Murdock
82. L. T. Marshall
83. Glenn Griswold
84. Clarence J. McLeod
85. J. W. Robinson
86. John S. McGroarty
87. Wesley Lloyd
88. R. M. Duncan
89. John M. Costello
90. M. A. Dunn
91. William A. Ekwall
92. George J. Schneider
93. John J. Dempsey
94. J. Will Taylor
95. Chauncey Reed
96. John M. Houston
97. Harry B. Coffee
98. Isabella Greenway
99. Otha D. Wearin
100. B. M. Jacobsen
101. A. L. Ford
102. Josh Lee
103. Leo E. Allen
104. L. C. Arends
105. Frank E. Hook
106. Ben Cravens
107. George A. Dondero
108. William P. Connery, Jr.
109. Kent E. Keller
110. C. W. Turner
111. J. R. Mitchell
112. Herron Pearson
113. John L. McClellan
114. D. Worth Clark
115. C. Murray Turpin
116. T. Alan Goldsborough
117. Brooks Fletcher
118. Louis C. Rabaut
119. Stephen M. Young
120. J. G. Scrugham

121. Carroll Reece
122. Sam L. Collins
123. Tilman D. Parks
124. Thomas O'Malley
125. J. E. Rankin
126. R. E. Thomason
127. T. A. Jenkins
128. W. L. Nelson
129. Warren J. Duffey
130. James A. Meeks
131. George Burnham
132. Albert E. Carter
133. August H. Andresen
134. Melvin J. Maas
135. Clifford R. Hope
136. Lloyd Thurston
137. Richard J. Welch
138. H. Utterback
139. Orville Zimmerman
140. Charles L. South
141. Braswell Deen
142. Fred Biermann
143. Wright Patman
144. William A. Ashbrook
145. Fred Cummings
146. Morgan G. Sanders
147. George Mahon
148. Samuel B. Pettengill
149. William I. Sirovich
150. Charles W. Tobey
151. Charles J. Colden
152. John H. Tolan
153. Wesley E. Disney
154. Joseph Gray
155. Jennings Randolph
156. Chester Thompson
157. Harry L. Englebright
158. John D. Dingell
159. John F. Dockweiler
160. Virginia E. Jenckes
161. J. Hardin Peterson
162. Frank Crowther
163. Harry L. Haines
164. Hampton P. Fulmer
165. Jared Y. Sanders, Jr.
166. Charles F. McLaughlin
167. John J. McGrath
168. Robert Crosser
169. Charles A. Halleck
170. O. H. Cross
171. Stephen W. Gambrill
172. Arthur D. Healey
173. Sam. B. Hill
174. James P. Richards
175. John P. Higgins
176. Hamilton Fish, Jr.
177. John G. Cooper
178. Ralph O. Brewster
179. Theodore Christianson
180. Martin Dies
181. Prentiss M. Brown
182. George W. Johnson
183. Edward C. Moran, Jr.
184. T. L. Moritz
185. A. H. Gasque
186. Charles A. Plumley
187. William M. Colmer
188. Francis D. Culkin
189. Nat Patton
190. Edward A. Kenney
191. F. J. Sisson
192. V. W. Main
193. R. A. Green
194. W. H. Larrabee
195. Edward T. Taylor
196. C. Elmer Dietrich
197. Charles Kramer
198. Brent Spence
199. Joe H. Eagle
200. Michael J. Stack
201. Charles N. Crosby
202. Thomas L. Blanton
203. Joseph B. Shannon
204. Henry Ellenbogen
205. Joseph L. Pfeifer
206. Arthur P. Lamneck
207. Martin J. Kennedy
208. James G. Polk
209. Alfred F. Beiter
210. James M. Mead
211. Simon M. Hamlin
212. William N. Rogers
213. Robert T. Secrest
214. Byron N. Scott
215. C. A. Wolverton
216. J. George Stewart
217. M. K. Reilly
218. W. M. Berlin

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD, with signatures thereto, and referred to the Calendar of Motions to Discharge Committees April 30, 1936.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

828. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 28, 1936, submitting a report, together with accompanying papers, on a preliminary examination of Westcott Cove, Stamford Harbor, Conn., authorized by the River and Harbor Act approved August 30, 1935; to the Committee on Rivers and Harbors.

829. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 28, 1936, submitting a report, together with accompanying papers, on a preliminary examination of Great Miami River, Ohio, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

830. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 28, 1936, submitting a report, together with accompanying papers on a preliminary examination of Columbia River, Oreg. and Wash., from Tongue Point to the sea, authorized by the River and Harbor Act approved August 30, 1935; to the Committee on Rivers and Harbors.

831. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 28, 1936, submitting a report, together with accompanying papers, on a preliminary examination of Snohomish River and its tributaries, the Skykomish and Snoqualmie Rivers, Wash., with a view to the control of their floods, authorized by the acts of Congress approved February 26, 1925, and June 13, 1934; to the Committee on Flood Control.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. UMSTEAD (for Mr. CARY): Committee on Appropriations. H. R. 12527. A bill making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes; without amendment (Rept. No. 2548). Referred to the Committee of the Whole House on the state of the Union.

Mr. BEITER: Committee on Rivers and Harbors. H. R. 11504. A bill to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities part of the lands forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y.; with amendment (Rept. No. 2549). Referred to the Committee of the Whole House on the state of the Union.

Mrs. JENCKES of Indiana: Committee on the District of Columbia. H. R. 12424. A bill to provide for examination and registration of those engaging in the occupation of beauty culture; without amendment (Rept. No. 2550). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12002. A bill to authorize funds for the prosecution of works for flood control against flood disasters along the Lackawanna River; without amendment (Rept. No. 2567). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12174. A bill to provide a preliminary examination of the Ventura River, in Ventura County, State of California, with a view to the control of its floods; without amendment (Rept. No. 2568). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12202. A bill to provide for a preliminary examination of Six Mile Creek in Logan County, Ark., with a view to flood control and to determine the cost of such improvement; without amendment (Rept. No. 2569). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12299. A bill to authorize a preliminary examination of the Delaware River with a view to the control of its floods; without amendment (Rept. No. 2570). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12370. A bill to authorize a preliminary examination of Big Blue River and its tributaries with a view to the control of their floods; without amendment (Rept. No. 2571). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAINES: Committee on the Post Office and Post Roads. H. R. 11822. A bill to permit certain special-delivery messengers to acquire a classified status through noncompetitive examination; with amendment (Rept. No. 2572). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOBBINS: Committee on the Post Office and Post Roads. H. R. 11954. A bill to amend the act of February 28, 1925 (43 Stat. 1053), relative to postal rates on third-class

mail matter; without amendment (Rept. No. 2573). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DALY: Committee on Claims. H. R. 6920. A bill for the relief of Ella Goodwin; with amendment (Rept. No. 2551). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. H. R. 7666. A bill for the relief of Sol J. Hyman; with amendment (Rept. No. 2552). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H. R. 8373. A bill for the relief of James Fitzgerald; with amendment (Rept. No. 2553). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 9926. A bill for the relief of Robert B. Barker; with amendment (Rept. No. 2554). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. S. 1042. An act for the relief of J. R. Collie and Eleanor Y. Collie; with amendment (Rept. No. 2555). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 1075. An act for the relief of Louis H. Cordis; with amendment (Rept. No. 2556). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. S. 1827. An act for the relief of Lucille McClure; with amendment (Rept. No. 2557). Referred to the Committee of the Whole House.

Mr. NICHOLS: Committee on Claims. S. 3241. An act authorizing adjustment of the claims of F. L. Forbes, John L. Abbot, and the Ralph Sollitt & Sons Construction Co.; without amendment (Rept. No. 2558). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. S. 3544. An act authorizing adjustment of the claim of the Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans; without amendment (Rept. No. 2559). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 3645. An act for the relief of Dampskib Aktieselshap Roskva; with amendment (Rept. No. 2560). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 3685. An act for the relief of George Rabcinski; with amendment (Rept. No. 2561). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. S. 3769. An act for the relief of Marcellus E. Wright and Lee, Smith & Vandervoort, Inc.; without amendment (Rept. No. 2562). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. S. 3839. An act granting a pension to Randall Krauss; with amendment (Rept. No. 2563). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. S. 3932. An act for the relief of Ann Rakestraw; without amendment (Rept. No. 2564). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. S. 4416. An act for the relief of Josephine Russell; without amendment (Rept. No. 2565). Referred to the Committee of the Whole House.

Mr. PERKINS: Committee on the Judiciary. S. 4395. An act for the relief of the State of New Jersey; without amendment (Rept. No. 2566). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. UMSTEAD: A bill (H. R. 12527) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes; to the Committee on Appropriations.

By Mr. BACHARACH: A bill (H. R. 12528) to increase the maximum amount of monthly old-age payments by States which will be matched by the Federal Government; to the Committee on Ways and Means.

By Mr. COX: A bill (H. R. 12529) to repeal the special tax on retail dealers in oleomargarine, to amend the provisions of the oleomargarine laws as to the measurement of artificial coloring, and for other purposes; to the Committee on Agriculture.

By Mr. LEE of Oklahoma: A bill (H. R. 12530) to amend paragraph 761 of Revenue Act of 1930 to increase duty on cashew nuts; to the Committee on Ways and Means.

By Mrs. NORTON (by request): A bill (H. R. 12531) to amend section 11 of an act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the Superintendent of Weights, Measures, and Markets of the District of Columbia, and for other purposes", approved March 3, 1921; to the Committee on the District of Columbia.

Also (by request), a bill (H. R. 12532) to authorize the furnishing of steam from the central heating plant to the District of Columbia; to the Committee on the District of Columbia.

By Mr. PIERCE: A bill (H. R. 12533) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. DOUGHTON: A bill (H. R. 12534) amending section 337 of the Tariff Act of 1930 to give the Federal Trade Commission jurisdiction over unfair methods of competition and unfair acts in the importation of articles into the United States; to the Committee on Ways and Means.

By Mr. BLAND: Resolution (H. Res. 500) authorizing the Committee on Merchant Marine and Fisheries to make a full inquiry into the condition of the fishing industry in the United States and its Territories and possessions; to the Committee on Rules.

By Mr. DIMOND: Joint resolution (H. J. Res. 578) authorizing a preliminary examination or survey of Myers Chuck Harbor, Alaska; to the Committee on Rivers and Harbors.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CITRON: A bill (H. R. 12535) for the relief of the East Coast Ship & Yacht Corporation, of Noank, Conn.; to the Committee on Claims.

By Mr. CURLEY: A bill (H. R. 12536) for the relief of James M. D'Arcy; to the Committee on Claims.

By Mr. GAMBRILL: A bill (H. R. 12537) for the relief of Herman F. Krafft; to the Committee on Naval Affairs.

By Mr. GINGERY: A bill (H. R. 12538) granting a pension to Laura Alice Hammaker; to the Committee on Invalid Pensions.

By Mr. HARLAN: A bill (H. R. 12539) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim, or claims, of the Recording & Computing Machines Co., of Dayton, Ohio; to the Committee on Claims.

By Mr. LAMNECK: A bill (H. R. 12540) granting a pension to Susan Wells; to the Committee on Invalid Pensions.

By Mr. LEE of Oklahoma: A bill (H. R. 12541) for the relief of Roy Curtis Booher; to the Committee on Naval Affairs.

Also, a bill (H. R. 12542) granting a pension to Wilber T. Lardie; to the Committee on Pensions.

Also, a bill (H. R. 12543) for the relief of William Ravenscroft; to the Committee on Military Affairs.

By Mr. RISK: A bill (H. R. 12544) for the relief of Mary L. D. Tremblay; to the Committee on Claims.

Also, a bill (H. R. 12545) for the relief of Anton J. Windfort; to the Committee on Claims.

Also, a bill (H. R. 12546) for the relief of Edward Burk; to the Committee on Claims.

Also, a bill (H. R. 12547) to authorize the payment of the sum of $2,500 to the dependents of the officers and men who lost their lives on the submarine *S-4;* to the Committee on Naval Affairs.

By Mr. ROBSION of Kentucky: A bill (H. R. 12548) for the relief of R. T. Boatright; to the Committee on Claims.

By Mr. ROMJUE: A bill (H. R. 12549) granting an increase of pension to Estline Baker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12550) granting an increase of pension to Annie A. Alexander; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12551) granting an increase of pension to Fannie Davis; to the Committee on Invalid Pensions.

By Mr. VINSON of Kentucky: A bill (H. R. 12552) granting an increase of pension to William Hays; to the Committee on Pensions.

By Mr. CASEY: A bill (H. R. 12553) for the relief of Samuel J. Swain; to the Committee on Military Affairs.

By Mr. McSWAIN (by request): Joint resolution (H. J. Res. 577) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point Maximo Mariano Pruna y Hernandez, a citizen of Cuba; to the Committee on Military Affairs.

PETITIONS, ETC.

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

10810. By Mr. COCHRAN: Petition submitted by Joe Shea, 6034 Carlsbad Avenue, St. Louis, Mo., and many other citizens of St. Louis, favoring the passage of House bill 7122, providing for pensions for adult blind persons; to the Committee on Pensions.

10811. By Mr. CULLEN: Petition of the United Upholsterers' Union of New York, Local No. 44, U. C. L. M. I. U. of N. A., urging enactment of legislation for the creation of a court of appeals for civil-service employees with a set-up of national and local machinery and with employees' representation thereon through a recognized union representative as outlined in the Pearson bill (H. R. 9258); to the Committee on the Civil Service.

10812. By Mr. CURLEY: Petition of the New York Adult Blind Association, Inc., requesting the passage of House bill 7122; to the Committee on Pensions.

10813. By Mr. FITZPATRICK: Petition of the United Upholsterers' Union of New York, Local No. 44, U. C. L. M. I. U. of N. A., endorsing and requesting enactment of legislation for the creation of a court of appeals for civil-service employees as outlined in House bill 9258; to the Committee on the Civil Service.

10814. By Mr. PFEIFER: Petition of the United Upholsterers' Union of New York, Local No. 44, concerning the enactment of legislation creating a civil-service court of appeals as provided in the Pearson bill (H. R. 9258); to the Committee on the Civil Service.

10815. By the SPEAKER: Petition of the city of Toledo, Ohio; to the Committee on Banking and Currency.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 1, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we wait again in prayer to hear Thy changeless voice and to see the unvarying face of our Father in Heaven; we lift the cross against a radiant sky. Thou art the author and impulse of every good work, and we would league ourselves with Thee. Be Thou the inspiration of our thoughts; wield Thy scepter and they will lose their weakness; enfold them and they will banish fear; conquer them and they will be courageous. We pray that we may draw from a vision of Thee an intolerance of wrong and a love for righteousness. Impress us, blessed Lord, with the abiding truth: He who serves Thee with a good and upright heart will find in Thee his peace when the day is far spent. In the Master's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12098) entitled "An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1937, and for other purposes."

The message also announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 9244. An act 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.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3154. An act making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases, and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys from exploitation by unfair competitors.

EXTENSION OF REMARKS

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent to extend my own remarks by including two articles by Bob McCormick on resettlement. They are very short articles.

Mr. RICH. Mr. Speaker, reserving the right to object, who is Bob McCormick?

Mr. FLANNAGAN. He is a writer on the Washington Daily News.

Mr. RICH. Mr. Speaker, I shall have to object.

PERMISSION TO ADDRESS THE HOUSE

Mr. SISSON. Mr. Speaker, I ask unanimous consent that on Monday next after the reading of the Journal and disposition of matters on the Speaker's desk I may address the House for 15 minutes.

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

There was no objection.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication, which was read by the Clerk:

WASHINGTON, D. C., *April 30, 1936.*

Hon. JOSEPH W. BYRNS,
Speaker, House of Representatives, Washington, D. C.

DEAR MR. SPEAKER: I hereby resign as a member of the Committee on Patents, effective this date.

Respectfully yours,

CHARLES J. COLDEN, M. C.,
Seventeenth District, California.

The SPEAKER. Without objection the resignation will be accepted.

There was no objection.

APPOINTMENT TO COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. BUCK. Mr. Speaker, I offer a resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 501

Resolved, That CHARLES J. COLDEN, of California, be, and he is hereby, elected a member of the standing Committee of the House of Representatives on Merchant Marine and Fisheries.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.