

## PETITIONS, ETC.

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

10863. By Mr. CULLEN: Petition of the Old South Brooklyn Social Workers' League, 66 Boerum Place, Brooklyn, N. Y., urging the passage of the Wagner-Ellenbogen slum clearance and low rent housing bill; to the Committee on Banking and Currency.

10864. By Mr. SISSON: Petition of residents of Oriskany Falls, N. Y., urging passage of the repeal anticanteen law; to the Committee on the Judiciary.

10865. By the SPEAKER: Petition of the City Council of Greenville, S. C.; to the Committee on Banking and Currency.

10866. Also, petition of the civic committee for slum clearance, Atlantic City, N. J.; to the Committee on Banking and Currency.

10867. Also, petition of the Territorial central committee of the Republican Party of Hawaii; to the Committee on the Territories.

10868. Also, petition of the city of Dearborn, Mich.; to the Committee on Banking and Currency.

10869. Also, petition of the City Council of Oakland, Calif.; to the Committee on Naval Affairs.

10870. Also, petition of the North Penn Boosters Association; to the Committee on the Judiciary.

## SENATE

TUESDAY, MAY 12, 1936

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

O merciful God and Heavenly Father, whose light shines down the path of life, whose tender mercy heals the broken-hearted and turns the sadness of the sorrowful to joy, let Thy love be visible to those who are bereft, and may they find strength in the garment of tenderness woven by our sympathy.

Grant that the soul of our beloved friend and colleague may find peace and refreshment, joy and comfort in the paradise of God; and may he go from strength to strength in the life of perfect service in Thy heavenly kingdom.

Keep our hearts strong against evil and warm toward each other; and though we ponder for the moment the strange tidings of destiny told in an hour of time, may we ever be led to seek the morning of our infinite heritage when joy shall end the night of weeping and life's long shadows break in cloudless love. Through Jesus Christ our Lord. Amen.

## THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar days Friday, May 8, and Monday, May 11, 1936, was dispensed with, and the Journal was approved.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, transmitted to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. Park Trammell, late a Senator from the State of Florida.

The message announced that the House had passed without amendment the bill (S. 3161) to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia", etc., approved March 3, 1925, as amended.

The message also announced that the House had passed the bill (S. 2953) to provide for the inspection, control, and regulation of steam boilers and unfired pressure vessels in the District of Columbia, with amendments, in which it requested the concurrence of the Senate.

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

H. R. 12424. An act to provide for examination and registration of those engaging in the occupation of beauty culture; and

H. R. 12624. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1936, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1936, and June 30, 1937, and for other purposes.

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

S. 1379. An act to amend section 981 of title IV and section 843 of title VI of the Canal Zone Code;

S. 3839. An act for the relief of Randall Krauss, a minor;

H. R. 10544. An act authorizing the erection of a memorial to those who met their death in the wreck of the dirigible *Shenandoah*;

S. J. Res. 248. Joint resolution to provide for participation by the United States in an inter-American conference to be held at Buenos Aires, Argentina, or at the capital of another American republic, in 1936; and

S. J. Res. 260. Joint resolution to provide an additional appropriation for folding speeches and pamphlets for the Senate for the fiscal year 1936.

## CALL OF THE ROLL

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

THE VICE PRESIDENT. The clerk will call the roll.

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

Adams	Coolidge	King	Robinson
Ashurst	Copeland	La Follette	Schwellenbach
Bachman	Couzens	Lewis	Sheppard
Bailey	Davis	Logan	Shipstead
Barkley	Dieterich	Lonergan	Smith
Benson	Donahey	Long	Steiner
Black	Duffy	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Townsend
Brown	George	Maloney	Tydings
Bulkeley	Gerry	Metcalf	Vandenberg
Bulow	Glass	Moore	Van Nuys
Burke	Guffey	Murphy	Wagner
Byrd	Hale	Murray	Walsh
Byrnes	Harrison	Norris	Wheeler
Capper	Hastings	Pittman	White
Caraway	Hayden	Pope	
Clark	Johnson	Radcliffe	
Connally	Keyes	Reynolds	

Mr. LEWIS. I announce the absence of the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. McCARRAN], caused by illness. The Senator from New Mexico [Mr. CHAVEZ] is detained by a death in his family. The Senator from New Mexico [Mr. HATCH], the Senator from Indiana [Mr. MINTON], and the Senator from Georgia [Mr. RUSSELL] are absent in attendance upon the funeral of the late Senator Trammell.

I further announce that the Senator from Mississippi [Mr. BILBO], the Senator from Oklahoma [Mr. GORE], the junior Senator from West Virginia [Mr. HOLT], the Senator from California [Mr. McADOO], the senior Senator from West Virginia [Mr. NEELY], the Senator from Louisiana [Mr. OVERTON], the Senator from Missouri [Mr. TRUMAN], and the junior Senator from Wyoming [Mr. O'MAHONEY] are necessarily detained from the Senate.

Mr. MCNARY. I announce that the Senator from Vermont [Mr. AUSTIN], the Senator from New Jersey [Mr. BARBOUR], the senior Senator from Wyoming [Mr. CAREY], the Senator from Iowa [Mr. DICKINSON], and the Senator from Vermont [Mr. GIBSON] are necessarily absent from the Senate.

THE VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present.

## THE LATE SENATOR BRONSON CUTTING

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD the account published in the Washington News of the meeting of friends of the late

Senator Cutting, who met at Brookings Institution to pay respect to his memory.

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

[From the Washington News of May 7, 1936]

**LITERALS PAY TRIBUTE TO MEMORY OF SENATOR CUTTING—To Push MEASURES IN WHICH LEGISLATOR HAD BEEN INTERESTED—SHORTNESS OF HOUSE TERMS AND "ANTIQUITY" OF ITS RULES ARE HIT AT BROOKINGS MEETING**

Distinguished friends of the late Senator Bronson M. Cutting (Republican, New Mexico), killed a year ago in an airliner crash near Kirksville, Mo., gathered at Brookings Institution last night to honor his memory by the reading of tributes and the discussion of progressive legislation in which he was vitally interested.

Forces retarding liberal government were outlined by Senators and Congressmen. Among those prominently mentioned were shortness of House terms, "antiquity" of House rules, lack of research facilities, influence of special interests, and lack of time.

**"VITAL IMPETUS"**

"His personality was so vivid, the impetus he gave to good things was so vital that he seems to be with us now", William Allen White, Emporia, Kans., editor, said of Cutting in a letter.

Mayor LaGuardia, of New York, sent this message: "Senator Cutting left an enviable record for vision, progressiveness, and courage to see a thing through. Considering the Senator's education, background, associations, and personal interests, his progressive views on economics, politics, and government showed a rare personality and an unusual public spirit."

"Bronson Cutting symbolizes the hope of America's future", said Dr. Edwin M. Borchard, of the Yale Law School, who attended the meeting. "Clear-headed, able, courageous, industrious, generous, courteous, his nature marked him as among the noblemen, and his loss to the Nation is irreparable. Had he lived, he would have been ideally equipped for the Presidency of the United States."

**NORRIS' MESSAGE**

Senator NORRIS (Republican, Nebraska), absent because of illness, sent this message: "Senator Cutting was one of God's noblemen. His ability, unquestioned and recognized, had caused even the ordinary observer to believe there were before him many useful years before the sun went down on his life, and that an untold amount of good would come from his efforts."

**DISTINGUISHED LIST**

"Throughout the length and breadth of New Mexico", said Senator HATCH (Democrat, New Mexico), "will be found men and women who have been aided by the sympathetic understanding of and the helping hand of Bronson Cutting. A Senator, a brave man, a loyal friend, a courageous statesman, a worthy son of a worthy father and a brave Spartan mother, is dead."

**INTERNAL-REVENUE TAXATION—LETTER TO SECRETARY OF TREASURY**

Mr. BYRD. Mr. President, May 8 I addressed a letter to the Secretary of the Treasury asking for certain information with respect to taxes. I ask that this letter, together with the reply of the Secretary of the Treasury and a resolution adopted by the Senate Finance Committee, may be printed in the RECORD at this point.

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

MAY 8, 1936.

Hon. HENRY MORGENTHAU, Jr.

*Secretary of the Treasury, Washington, D. C.*

My DEAR MR. SECRETARY: It has been stated that many of our financially strong corporations, especially those of substantial size, will pay little or no taxes to the Federal Treasury if the pending bill is passed. I am checking the accuracy of these statements, and I am likewise interested in the opportunities that may be afforded such corporations by the bill to avoid the payment of taxes.

We must guard carefully against giving these large corporations a greater advantage and perhaps a strangle hold over their present smaller competitors. Frankly, I am concerned about the application of the proposed tax policies to those corporations which now have large surpluses and a strong cash or credit position.

We must make certain that legislation does not prevent the healthy growth and expansion of our smaller businesses by imposing a penalty upon them if their financial position and their business opportunities do not permit the payment in dividends of substantially all their profits. I want your assistance in appraising the situation.

I have selected from Moody's Manual a few of the largest corporations, with a view to determining the rate of tax which would be imposed upon them if the pending bill should be enacted. The only statistics I have available are for 1934. I should appreciate it very much if you would check the list I give you and let me have a similar list for 1935, if statistics are available to you.

**A FEW OF THE CORPORATIONS WHICH WOULD PAY NO TAX, BASED ON 1934 RETURNS  
(Now pay 15 percent)**

Company	Net income after tax	Dividends paid out
American Telephone & Telegraph	\$121,748,729	\$167,960,475
American Tobacco Co.	24,084,280	26,590,858
American Smelting & Refining	7,583,202	7,875,000
General Electric Co.	19,726,044	19,881,453
Goodyear Tire & Rubber Co.	4,287,684	4,508,907
International Harvester	3,948,637	8,264,040
National Biscuit Co.	11,597,573	19,939,342
National Dairy Products Co.	6,551,930	8,197,573
Ohio Oil Co.	5,411,924	6,294,723
R. J. Reynolds Tobacco Co.	21,536,894	30,000,000
Texas Co.	5,545,205	9,348,820

The above list of financially strong companies that can completely avoid taxation can be greatly expanded.

**CORPORATIONS WHICH WOULD PAY LESS THAN 5 PERCENT**

Company	Net income after tax	Dividends paid out	Tax under new bill
Air Reduction	\$4,145,416	\$3,737,142	.28
Allied Chemical & Dye Corporation	17,548,355	15,703,374	3.00
Corn Products Refining Co.	9,702,696	9,294,750	1.20
Curtis Publishing Co.	5,906,326	5,400,000	2.45
E. I. du Pont	46,701,465	40,788,914	3.50
Firestone Tire & Rubber	4,154,656	3,572,193	4.00
General Foods	11,143,876	9,452,614	4.40
Great Western Sugar	5,761,727	5,370,000	1.55
Imperial Oil Co.	14,101,561	13,415,169	1.40
Liggett & Myers Tobacco Co.	20,086,691	17,200,227	4.16
Parke, Davis & Co.	8,719,368	8,232,480	1.50
Pennsylvania Railroad Co.	13,377,839	13,214,946	.30
United States Smelting & Refining	6,052,968	6,000,129	.25

**CORPORATIONS WHICH WOULD PAY LESS THAN 10 PERCENT**

Company	Net income after tax	Dividends paid out	Percent
American Can Co.	\$10,522,945	\$15,256,321	6.63
Armour & Co. (Delaware)	8,235,835	5,899,830	8.84
Eastman Kodak Co.	14,503,247	10,499,086	8.54
General Motors	94,769,131	73,621,710	6.78
Great Atlantic & Pacific Tea Co.	20,478,190	16,430,796	5.72
International Shoe Co.	8,967,024	6,671,742	7.78
J. C. Penny Co.	16,147,315	11,307,103	9.37
Phillips Petroleum Co.	5,757,309	4,153,008	8.30
Procter & Gamble	14,370,067	10,512,866	8.80
Socony-Vacuum Oil Co.	24,121,297	18,652,561	6.90
Standard Oil Co. (California)	18,347,807	13,069,479	8.95
Standard Oil Co. (Indiana)	18,949,680	15,371,229	5.63
Standard Oil Co. (New Jersey)	67,882,271	54,204,193	6.08
Texas Gulf Sulphur Co.	6,958,476	5,730,000	5.22
United Fruit Co.	12,049,300	8,717,985	8.60
F. W. Woolworth Co.	32,142,363	23,288,676	8.54

I also ask that you furnish me with the names of all corporations which, for the last year for which the statistics are available, had a net income before Federal taxes of more than \$1,000,000, and, based upon the actual distributions of the year, will receive a tax reduction of 50 percent or more under the pending bill.

You will appreciate that the fundamental purpose of my inquiry involves not only competitive advantages to the strong corporations but the restraints of heavy taxes upon small- and medium-sized enterprises upon which we must depend so largely for reemployment of labor and for healthy business growth.

It is unnecessary for me to add that the data must be available promptly if it is to serve a useful purpose. I shall appreciate very much your assistance and cooperation.

Cordially yours,

HARRY F. BYRD.

THE SECRETARY OF THE TREASURY,  
Washington, May 11, 1936.

Hon. HARRY FLOOD BYRD.

*United States Senate.*

My DEAR SENATOR: This will acknowledge receipt of your letter dated May 8, which was postmarked as of 5 p. m. on May 9, and received in my office at 9:14 a. m. today.

In your letter you furnish a list of corporations with the amount of their net income and the amount of their dividends paid out in 1934, as reported in Moody's Manual, and you ask that I check this list and let you have a similar list for 1935 if such statistics are available. You request also the names of all corporations which, for the last year for which statistics are available, have a net income before Federal taxes of more than a million dollars, and, based upon the actual distribution for the year, will receive a tax reduction of 50 percent or more under the pending bill.

If the information you desire is that to be derived from income-tax returns, I must respectfully call your attention to the provisions of the revenue law limiting the conditions under which the Treasury Department may furnish such information. Section 257 (b) of the Revenue Act of 1926 reads as follows:

"The Secretary and any officer or employee of the Treasury Department, upon request from the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a select committee of the Senate or House specially authorized to investigate returns by a joint resolution of the Senate or House, or a joint committee so authorized by concurrent resolution, shall furnish such committee sitting in executive session with any data of any character contained in or shown by any return."

I shall be quite willing, on request of the Finance Committee and under the authorization of this section, to furnish any and all information that the committee may desire which is available. Anticipating such a request, I have directed that data bearing on your inquiries be assembled without delay.

Sincerely yours,

HENRY MORGENTHAU, Jr.,  
Secretary of the Treasury.

RESOLUTION ADOPTED BY SENATE FINANCE COMMITTEE

The Secretary of the Treasury is hereby requested to furnish a list of all corporations for the tax year of 1935 that had a net income before Federal taxes of more than \$1,000,000, and based on the actual distributions for that year will receive a tax reduction under the pending bill; and

(A) The amount of such reduction for each corporation; and  
(B) The rate of taxation, if any, that would be paid by such corporation in the event the pending bill was then in effect.

ACCEPTANCE OF MEDALS, ETC., BY MEMBERS OF NAVY, MARINE CORPS, AND ARMY

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1975) to authorize certain officers of the United States Navy, officers and enlisted men of the Marine Corps, and officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered, which was, on page 10, after line 26, to insert:

United States Navy: Admiral William B. Caperton, retired; Rear Admiral Charles S. Freeman; Capt. William D. Puleston; Capt. Walter S. Anderson; Capt. Stephen B. McKinney; Capt. William O. Spears; Capt. Augustin T. Beauregard; Commander Leo H. Thebaud; Commander Clarence Gulbranson; Capt. Charles St. J. Butler, Medical Corps; Capt. William S. Bainbridge, Medical Corps, Naval Reserve, retired; Commander Morton D. Wilcutts, Medical Corps; Commander William Henry P. Blandy; Commander Edwin C. Ebert, Medical Corps; Lt. Comdr. Roscoe H. Hillenkoetter; Lt. Comdr. Joel J. White, Medical Corps; Lt. Albert L. King, Naval Reserve; Lt. (Jr. Gr.) Walter C. Ford; Capt. Herbert S. Howard, Construction Corps; Lt. Comdr. Leslie C. Stevens; Lt. Comdr. William K. Vanderbilt, United States Naval Reserve.

United States Marine Corps: Col. Robert L. Denig; Col. Henry L. Roosevelt, Marine Corps Reserve, deceased; Col. William C. Hardee, retired; Col. Julius S. Turrill, retired; Lt. Col. Harry L. Smith; Lt. Col. William M. Small, retired; Maj. Andrew E. Creesy; Maj. Donald J. Kendall; Maj. Chester L. Fordney, Marine Corps Reserve; Capt. Louis Cukela; First Sgt. George Nelson.

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

The motion was agreed to.

SUPPLEMENTAL ESTIMATE FOR LEGISLATIVE ESTABLISHMENT  
(S. DOC. NO. 209)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation pertaining to the legislative establishment, United States Senate, fiscal year 1936 (for folding documents), in the sum of \$2,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE FOR THE NAVY DEPARTMENT (S. DOC. NO. 210)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the Navy Department, fiscal year 1936, to remain available until June 30, 1937 (acceptance of bequest of Henry H. Rogers), in the sum of \$5,000, which, with the

accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

MARCH REPORT OF THE R. F. C.

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, a report of the activities and expenditures of the Corporation for March 1936, including statements of loans, etc., authorized during that month and showing the names, amounts, and rate of interest or dividend in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Interstate Commerce:

Whereas the Federal Radio Commission, which supervises the operation of and the granting of license to radio stations; and

Whereas such Federal Radio Commission within recent time has indicated an intention to cancel the license of certain local commercial radio stations in the Borough of Brooklyn, city of New York, and the right of such stations to disseminate national music programs and lectures over the air; and

Whereas one of such radio stations, namely, station WLTH, of Brooklyn, New York City, has been engaged for the past several years in the broadcast of musical programs of much interest to such racial groups as the Irish, the Poles, the Hebrews, the Germans, the Italians, and other racial entities, thus bringing much happiness to a multitude of listeners: Therefore be it

*Resolved* (the senate concurring), That the Assembly of the State of New York hereby entreats the Federal Radio Commission to desist from any intended action that would mean the cancellation of the radio license of station WLTH, and by so doing permit the peoples of the various racial groups named heretofore to enjoy their native melodies and songs, and so to obtain that happiness which constitutes an integral part of their American home life; and be it further,

*Resolved*, That a copy of these resolutions be forwarded to the President of the United States, the Congress of the United States, and to the Federal Radio Commission.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Maryland, which was referred to the Committee on Finance:

Joint resolution relative to unemployment insurance

Whereas the General Assembly of Maryland is heartily in favor of social-security legislation in general and unemployment insurance in particular; and

Whereas this assembly believes that stability in our social structure is attainable only by giving the wage-earning employees greater economic security than they now enjoy; and

Whereas the Federal social-security law levies a 3-percent payroll tax when the unemployment-insurance plan is in full operation; and

Whereas it is the sense of this general assembly that a 3-percent pay-roll tax will be an incentive to employers to cut wages and to raise prices; and

Whereas such a taxing provision is unfair to employees and to consumers: Therefore, be it

*Resolved* by the General Assembly of Maryland, That the Congress of the United States, and it is hereby, requested to amend the Federal social-security law in such manner that the unemployment-insurance plan will be financed by a 1-percent tax on wages, a 1-percent tax on employers' pay rolls, and an appropriation by the Federal Government from its general revenues to equal the contributions made by employers, and that the Federal Government shall also pay all cost for the administration of said plan; and be it further

*Resolved*, That these amendments be made at the present session of Congress so that the legislators of the several States may be enabled to pass legislation in conformity with the Federal law thus amended; and be it further

*Resolved*, That the Senators and Representatives from Maryland in the Congress of the United States be, and they are hereby, urgently requested to make every effort possible to have Congress amend the Federal social-security law as hereinabove suggested; and be it further

*Resolved*, That the secretary of state of Maryland be, and he is hereby, requested to send a copy of these resolutions to the President of the United States, to the President of the United States Senate, to the Speaker of the House of Representatives, and to each of the Senators and Representatives from Maryland in the Congress of the United States.

The VICE PRESIDENT also laid before the Senate a letter from the president of the American Liberty League,

transmitting memorials signed by about 55,000 citizens of the United States, remonstrating against the seizure of telegrams of individuals and organizations by agencies of the Government, which, with the accompanying memorials, was referred to the Special Committee on Investigation of Lobbying Activities.

Mr. LOGAN presented the following concurrent resolution of the Legislature of the State of Kentucky, which was referred to the Committee on Finance:

Whereas Kentucky is facing difficulty in providing sufficient revenue for her schools, her unfortunate wards, and other proper and necessary expenses; and

Whereas the revenue collected by the Federal Government from two of Kentucky's products, whisky and tobacco, alone, would, in any one year provide sufficient revenue for all Kentucky's expenses and pay her entire outstanding indebtedness twice over; and

Whereas no other State has her proper revenue sources so completely exhausted by the Federal Government; and

Whereas Kentucky's contributions in internal revenue to the Federal Government are much greater than any other State in the Union in proportion to her population, and the amount of return Federal contributions; and

Whereas the Federal Government now gives credit on her estate tax to 80 percent of the amount paid to the State by such taxpayers, which greatly favors States of great wealth and large estates; and

Whereas this entire Federal relationship as now provided is unjust, prejudicial, and discriminatory to Kentucky: Now, therefore, be it

*Resolved*, That Kentucky through this legislature call upon her Senators and Representatives of the Federal Congress to seek through legislation, or administration, or in such way as they think most wise and effective to remove this unfair and prejudicial preemption of Kentucky's revenue from her main products and secure for her either credits as in the Federal State tax or proportionate returns to the State, or in such way as they deem best; be it further

*Resolved*, That they meet together and discuss ways and means to bring about a more equitable arrangement between the two governments and advise the legislature what steps it should take to open negotiations with the Federal Government to secure this relief.

*Resolved*, That a copy of this resolution be furnished to each Member of the United States Senate and the United States House of Representatives from Kentucky.

Mr. WALSH presented the petition of Hugh Von Rehberg, of Jamaica Plain, Mass., and sundry other citizens of the State of Massachusetts, praying for the continuance of Works Progress Administration projects, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Board of Aldermen of the city of Somerville, Mass., favoring an increase in the allotments and projects under the Works Progress Administration in the city of Somerville, Mass., which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens, being employees of the Post Office and Treasury Departments at Worcester, Mass., praying for the enactment of the so-called Boylan bill, providing reclassification of Post Office and Treasury Department custodial employees, which was referred to the Committee on Civil Service.

He also presented a resolution adopted by a special town meeting at Hadley, Mass., favoring the construction of flood-control dams and works by the Federal Government, which was referred to the Committee on Commerce.

He also presented the petition of Local Union No. 1255, United Textile Workers of America, of North Adams, Mass., praying for the enactment of the so-called Ellenbogen bill, for the stabilization of conditions in the textile industry, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by a conference of the New England Region of the National Student Federation of America, favoring the enactment of the so-called American-youth bill, which was referred to the Committee on Education and Labor.

He also presented the petition of the Ladies Auxiliary to the Brotherhood of Railroad Trainmen, of Greenfield, Mass., praying for the enactment of the bill (S. 4174) to foster and protect interstate commerce by authorizing the Interstate Commerce Commission to approve or disapprove of the consolidation or abandonment of carrier facilities of public

service, which was referred to the Committee on Interstate Commerce.

He also presented the petition of David W. Wright Lodge, No. 549, Brotherhood of Locomotive Firemen and Engineers, of Greenfield, Mass., praying for the enactment of the bill (H. R. 10663) to amend section 12 of the act of Congress of August 29, 1935, entitled "An act to establish a retirement system for employees of carriers subject to the Interstate Commerce Act, and for other purposes", which was referred to the Committee on Interstate Commerce.

He also presented the petition of the Massachusetts Women's Constitutional League, praying for the enactment of the bill (S. 2253) to make better provision for the government of the military and naval forces of the United States by the suppression of attempts to incite the members thereof to disobedience, which was ordered to lie on the table.

#### HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

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

H. R. 11688. An act 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; to the Committee on Banking and Currency.

H. R. 12424. An act to provide for examination and registration of those engaging in the occupation of beauty culture; to the Committee on the District of Columbia.

H. R. 12624. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1936, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1936, and June 30, 1937, and for other purposes; to the Committee on Appropriations.

H. J. Res. 497. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the International Petroleum Exposition, Tulsa, Okla., to be admitted without payment of tariff, and for other purposes; and

H. J. Res. 547. Joint resolution providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition, to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes; to the Committee on Finance.

#### REPORTS OF COMMITTEES

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the joint resolution (S. J. Res. 243) authorizing distribution to the Indians of the Blackfeet Indian Reservation, Mont., of the judgment rendered by the Court of Claims in their favor, reported it with an amendment and submitted a report (No. 2015) thereon.

Mr. SCHWELLENBACH, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 8495) to amend certain plant-quarantine laws, reported it without amendment and submitted a report (No. 2016) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S. J. Res. 235) authorizing the Secretary of Agriculture to expend funds of the Agricultural Adjustment Administration for participation by the United States in the 1936 Sixth World's Poultry Congress, reported it with amendments and submitted a report (No. 2017) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the joint resolution (H. J. Res. 525) to enable the United States Constitution Sesquicentennial Commission to carry out and give effect to certain approved plans, and for other purposes, reported it with amendments and submitted a report (No. 2018) thereon.

He also, from the same committee, to which was referred the bill (H. R. 12162) to create an additional division of the United States District Court for the Southern District of Mississippi, to be known as the Hattiesburg division, reported it without amendment and submitted a report (No. 2024) thereon.

Mr. CONNALLY, from the Committee on the Judiciary, to which was referred the bill (S. 4519) to dispense with unnecessary renewals of oaths of office by civilian employees of the executive departments and independent establishments, and for other purposes, reported it without amendment and submitted a report (No. 2019) thereon.

He also, from the same committee, to which was referred the bill (S. 4594) to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others, reported it with an amendment and submitted a report (No. 2020) thereon.

Mr. BURKE, from the Committee on the Judiciary, to which was referred the bill (S. 4341) to give precedence to certain proceedings to which the United States is a party, and for other purposes, reported it without amendment and submitted a report (No. 2021) thereon.

Mr. WALSH, from the Committee on Finance, to which was referred the bill (H. R. 10934) to authorize the transfer of the customhouse at Salem, Mass., from the jurisdiction of the Treasury Department to the Department of the Interior, reported it without amendment and submitted a report (No. 2022) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the bill (H. R. 12183) for the relief of Gladys Hinckley Werlich, reported it without amendment.

**ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED**

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills and joint resolutions:

On May 8, 1936:

S. 158. An act authorizing the President to present a medal in the name of Congress to Johannes F. Jensen;

S. 427. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora grant, New Mexico;

S. 1494. An act to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat. L. 555);

S. 2040. An act to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof;

S. 2517. An act to provide for the advancement on the retired list of the Navy of Walter M. Graesser, a lieutenant (junior grade), United States Navy, retired;

S. 2611. An act to authorize the Utah Pioneer Trails and Landmarks Association to construct and maintain a monument on the Fort Douglas Military Reservation, Salt Lake City, Utah;

S. 2849. An act to provide funds for cooperation with Wellpinit School District No. 49, Stevens County, Wash., for the construction of a public-school building to be available for Indian children of the Spokane Reservation;

S. 3241. An act authorizing adjustment of the claims of F. L. Forbes, John L. Abbot, and the Ralph Sollitt & Sons Construction Co.;

S. 3372. An act to provide funds for cooperation with the public-school district at Hays, Mont., for construction and improvement of public-school buildings to be available for Indian children;

S. 3460. An act to authorize the Secretary of the Interior to ascertain the persons entitled to compensation on account of private claim 111, parcel 1, Nambe Pueblo grant;

S. 3516. An act for the relief of Alice D. Hollis;

S. 3544. An act authorizing adjustment of the claim of the Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans;

S. 3581. An act for the relief of Henry Thornton Meriwether;

S. 3687. An act to validate payments and to relieve the accounts of disbursing officers of the Army on account of

payments made to Reserve officers on active duty for rental allowances;

S. 3688. An act to validate payments and to relieve disbursing officers' accounts of payments made to Reserve officers promoted while on active duty;

S. 3737. An act to authorize the Secretary of War to acquire by donation land at or near Newburgh, in Orange County, N. Y., for aviation field, military, or other public purposes;

S. 3747. An act for the relief of Maizee Hamley;

S. 3748. An act to authorize the Bureau of Mines to conduct certain studies, investigations, and experiments with respect to sub-bituminous and lignite coal, and for other purposes;

S. 3769. An act for the relief of Marcellus E. Wright and Lee, Smith & Vandervoort, Inc.;

S. 3797. An act to amend an act entitled "An act authorizing certain tribes of Indians to submit claims to the Court of Claims, and for other purposes", approved May 26, 1920;

S. 3859. An act to authorize the procurement, without advertising, of certain War Department property, and for other purposes;

S. 3932. An act for the relief of Ann Rakestraw;

S. 3950. An act to aid in defraying the expenses of the Sixteenth Triennial Convention of the World's Woman's Christian Temperance Union to be held in this country in June 1937;

S. 3977. An act to authorize the Washington Gas Light Co. to alter its corporate structure, and for other purposes;

S. 4135. An act for the relief of Helen Curtis;

S. 4214. An act to provide for a preliminary examination of the Sabine and Neches Rivers with a view to controlling their floods and regulating, conserving, and utilizing the waters thereof, and for other purposes;

S. 4416. An act for the relief of Josephine Russell; and

S. J. Res. 231. Joint resolution to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the landing of the Swedes in Delaware.

On May 11, 1936:

S. 381. An act for the relief of the Confederated Bands of Ute Indians located in Utah, Colorado, and New Mexico;

S. 1075. An act for the relief of Louis H. Cordis;

S. 3645. An act for the relief of Dampsikib Aktieselshap Roskva;

S. 3685. An act for the relief of George Rabciński;

S. 4395. An act for the relief of the State of New Jersey; and

S. 4447. An act for the relief of J. L. Summers.

On May 12, 1936:

S. 1379. An act to amend section 981 of title IV, and section 843 of title VI of the Canal Zone Code;

S. 3839. An act for the relief of Randall Krauss, a minor;

S. J. Res. 248. Joint resolution to provide for participation by the United States in an inter-American conference to be held at Buenos Aires, Argentina, or at the capital of another American republic, in 1936; and

S. J. Res. 260. Joint resolution to provide an additional appropriation for folding speeches and pamphlets for the Senate for the fiscal year 1936.

**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. BORAH:

A bill (S. 4614) for the relief of Ida A. Gunderson and her three minor daughters; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 4615) granting a pension to James W. Dobbins (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS of Oklahoma (by request):

A bill (S. 4616) for the relief of G. A. Trotter; to the Committee on Indian Affairs.

By Mr. JOHNSON:

A bill (S. 4617) to amend section 80 of chapter 9 of an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898; to the Committee on the Judiciary.

By Mr. SHEPPARD (for Mr. OVERTON):

A bill (S. 4618) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a free or toll highway bridge, or a railway bridge in combination with a free or toll highway bridge, and approaches thereto across the Mississippi River at or near Baton Rouge, La.; to the Committee on Commerce.

(Mr. COPELAND introduced Senate bill 4619, which was referred to the Committee on Commerce, and appears under a separate heading.)

By Mr. WALSH:

A bill (S. 4620) to expedite the dispatch of vessels from certain ports of call; to the Committee on Commerce.

By Mr. FLETCHER:

A bill (S. 4621) for the relief of the estate of Elizabeth R. Jay, deceased; to the Committee on Claims.

By Mr. BLACK:

A bill (S. 4622) to amend section 2 of the act entitled "An act granting the consent of Congress to the Alabama State Bridge Corporation to construct, maintain, and operate bridges across the Tennessee, Tombigbee, Warrior, Alabama, and Coosa Rivers, within the State of Alabama", approved May 26, 1928; to the Committee on Commerce.

By Mr. TYDINGS:

A bill (S. 4623) to amend an act entitled "An act to provide for vocational rehabilitation of disabled residents of the District of Columbia, and for other purposes" (Public, No. 801, 70th Cong.); to the Committee on the District of Columbia.

By Mr. VAN NUYS:

A bill (S. 4624) authorizing the sale of approximately 5,000 acres of land in the Gogebic purchase unit to the University of Notre Dame; to the Committee on Public Lands and Surveys.

By Mr. JOHNSON:

A joint resolution (S. J. Res. 264) to amend the joint resolution entitled "Joint resolution authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally", approved August 27, 1935; to the Committee on Agriculture and Forestry.

#### USE OF RADIO IN PROMOTING SAFETY AT SEA

Mr. COPELAND. Mr. President, I am introducing a bill to amend the Communications Act about the use of radio at sea. I am calling public attention to it because, as a result of hearings which were conducted by the Senator from Maine [Mr. WHITEL] on behalf of the Committee on Commerce, it will be necessary to amend the bill very radically. So I am having the bill reprinted with a new number in order that those who are interested may have it for further study.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 4619) to amend the Communications Act of 1934, approved June 19, 1934, for the purpose of promoting safety of life and property through the use of wire and radio communications, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

#### AMENDMENTS TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. HAYDEN. Mr. President, I offer an amendment to House bill 12624, being the first deficiency appropriation bill, and I ask to have it read from the desk by the clerk and appropriately referred.

The VICE PRESIDENT. The amendment will be referred to the Committee on Appropriations; and without objection, the clerk will read, as requested.

The legislative clerk read as follows:

Amendment intended to be proposed by Mr. HAYDEN to the bill H. R. 12624, the first deficiency appropriation bill, viz: At the end of the bill to insert the following:

#### "TITLE III

"That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$700,000,000,

which shall be available for expenditure by the Federal Emergency Administration of Public Works upon such terms and subject to such rules and regulations, not inconsistent with the laws of the States in which such projects are to be constructed, as the Federal Emergency Administrator of Public Works may prescribe, for the purpose of making loans or grants, or loans and grants, to States, municipalities, and other public bodies to aid in financing the construction, repair, or improvement of the non-Federal public-works projects listed in Senate Document No. 193, Seventy-fourth Congress, but no such grant shall be in excess of 45 percent of the cost of any such project as determined by said Administrator.

"Sec. 202. All loans and grants made pursuant to this title shall contain such provisions as are necessary to insure (1) that the rate of wages paid on projects financed in whole or in part under this title shall be not less than the prevailing rate of wages for work of similar nature as determined by said Administrator, and (2) that in the employment of labor on such projects financed in whole or part under this title, preference shall be given to unemployed citizens of the United States listed by the United States Employment Service, or any agency designated by it, and residing in the community which is financing such project, regardless of whether such unemployed persons are, or are not, on relief.

"Sec. 203. The Federal Emergency Administration of Public Works is authorized to sell any securities acquired by it under title II of the National Industrial Recovery Act, as amended and supplemented, or under this title, and all moneys realized from such sales shall be available to the Federal Emergency Administrator of Public Works, in addition to the funds appropriated by this title, for the making of loans under this title."

Mr. HAYDEN. Mr. President, explanatory of the amendment, I have prepared a brief statement, which I ask to have read at the clerk's desk.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read the statement, as follows:

#### JUSTIFICATION FOR AN AMENDMENT TO H. R. 12624, THE FIRST DEFICIENCY APPROPRIATION BILL, TO PROVIDE \$700,000,000 FOR NONFEDERAL LOAN AND GRANT PROJECTS

Senate Document 193 lists 6,204 applications from States, municipalities, and other public bodies for grants of \$890,044,726 and loans of \$1,044,709,289 at a total cost of \$2,347,690,363. Of the 6,204 applications 2,976 projects had been examined and approved up to March 31, 1936, by the Engineering, Finance, and Legal Divisions of the Public Works Administration for grants of \$313,177,716 and loans of \$156,431,751, the total cost of which will be \$710,105,475.

Among the remaining 3,228 applications that are pending there are a large number of excellent projects, and from day to day more of them are being approved. It is for this reason that the Public Works Administration should be given authority, as provided in the amendment, to allocate money to any worthy project on the entire list contained in Senate Document 193.

The amendment makes \$700,000,000 available for loans or grants, or both, and provides the only money that can be used for such grants. Section 203 of the amendment, which authorizes the sale of municipal and other bonds now or hereafter held by the Public Works Administration, continues in operation a revolving fund which can only be used for loans. This revolving fund plus the \$700,000,000 plus funds derived from the direct sale to the public of their bonds by States, municipalities, or other public bodies will make it possible to do new construction within the next 15 months amounting to over \$1,500,000,000.

That sum amounts to more than one-half of the total cost of all the loan and grant applications now pending before the Public Works Administration. The appropriation of \$700,000,000, as provided in the amendment, will therefore make possible the construction of over one-half of the 6,204 projects listed in Senate Document 193.

Approval of non-Federal loan and grant projects under the now well-established procedure of the Public Works Administration requires:

1. Initiative by local communities in selecting projects.
2. Rigid examination by the Public Works Administration as to engineering feasibility, economic and financial soundness, and legality.
3. Contribution of at least 55 percent of the cost through bond issues authorized either by vote of the people to be benefited or by their elected representatives.
4. Construction to be done under local supervision, and, almost invariably, by contract with the lowest responsible bidder.
5. Payment of the scale of wages prevailing in the locality instead of the "security wage."

The amendment will continue in effect all of these five highly desirable features of Public Works Administration procedure and, in addition, will give preference to unemployed American citizens regardless of whether or not they are on relief. This will remove a discrimination which now exists against many thousands who are registered with the United States Employment Service or its branches but who are barred from obtaining jobs under the Works Progress Administration because they are not on the relief rolls.

The amendment is offered to the first deficiency bill which appropriates \$1,425,000,000 so that the Works Progress Administration may provide employment for those who are on relief. That sum is not to be raised by imposing any new taxes but will be

borrowed and become an addition to the national debt. The \$700,000,000 to be made available to the Public Works Administration can with equal certainty be obtained in the same way, and, because of local bond issues and other contributions, will also result in an equal total expenditure.

The difference between the two programs is that the Works Progress Administration will do \$1,425,000,000 worth of work, all of which must ultimately be paid for by Federal taxation. With \$700,000,000 the Public Works Administration can bring about over \$1,500,000,000 of new construction, but the final cost to Federal taxpayers will be less than half of \$1,500,000,000.

The Emergency Relief Act of 1935 authorized loans or grants, or both, to States and other public bodies to the extent of \$900,000,000 out of the appropriation of \$4,880,000,000. Based upon the reasonable assumption that some such sum would be made available over 11,000 non-Federal loan and grant applications have been filed with the Public Works Administration during the past 12 months. Instead of \$900,000,000, or a comparable sum, only \$328,000,000 has been made available, but even with that sum allotments have been made to over 4,000 of such projects. For the remaining 6,204 applications listed in Senate Document 193 no Federal funds are available and none will be unless this amendment is adopted.

States and local communities have in good faith employed engineers, architects, attorneys, and others to prepare these applications for submission and in many cases have voted the required bonds. The Public Works Administration has devoted much time and expense to a critical analysis of the various projects listed in Senate Document 193 and has given final approval to about 3,000 of them with other good projects still in process of investigation. The work can proceed forthwith if Congress makes the appropriation in the manner specified in the amendment. Its enactment is imperative if the Federal Government is to obtain major local contributions in carrying out a sound public-works program.

The amendment supplements and in no respect changes the sum appropriated for the Works Progress Administration by title I of the bill. It merely provides another way of arriving at the same result; another alternative to be used when desirable. The amendment will undoubtedly reduce actual expenditures by the Works Progress Administration, because, to whatever extent Public Works funds relieve unemployment either by providing work on the job or by indirect labor in transportation or the heavy industries, the number to be cared for by the Works Progress Administration is lessened. The taxpayer is not so greatly concerned about how much Congress may appropriate as he is about the sums actually expended.

To increase the \$1,425,000,000 by \$700,000,000 will make available a total of \$2,125,000,000 to provide work for the unemployed but it does not follow that the entire sum will be used. All of the \$3,300,000,000 appropriated by title II of the National Industrial Recovery Act of 1933 has not, and probably will not, be spent. The same is true of the \$4,880,000,000 appropriated by the Emergency Relief Act of 1935. In the years to come when the money borrowed to pay for work relief must be repaid the taxpayer will be concerned as to whether or not it was used to make a sound capital investment. There should be a choice of implements to meet the needs of the unemployment situation.

Mr. HAYDEN also submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"Cooperative vocational rehabilitation of disabled residents of the District of Columbia: For personal services, printing and binding, travel and subsistence, and payment of expenses of training, placement, and other phases of rehabilitating disabled residents of the District of Columbia under the provisions of the act entitled 'An act to provide for the vocational rehabilitation of disabled residents of the District of Columbia', approved February 23, 1929 (45 Stat. 1260), \$10,000."

Mr. DAVIS submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, and to be printed in the RECORD, as follows:

On page 19, lines 6, 7, and 8, to strike out the following: "And line 24, on page 25, and in lieu thereof to insert the following:

"To aid the several States, Territories, and possessions of the United States, and the District of Columbia, in providing relief and work relief, \$1,425,000,000, of which not more than \$\_\_\_\_\_, to remain available until June 30, 1938, shall be allocated by the President for completion of projects undertaken by the Works Progress Administration under the Emergency Relief Appropriation Act of 1935 and for administrative expenses of the Works Progress Administration and of any other department, establishment, or agency of the United States for additional work incident to carrying out the purposes of the foregoing appropriation. The balance of the foregoing appropriation shall be allocated by the President to the several States, Territories, possessions, and the

District of Columbia in the proportion which the population of each bears to the total population of the States, Territories, possessions, and the District of Columbia, and shall remain available until June 30, 1937.

"Any State, Territory, possession, or the District of Columbia, or any municipality or political subdivision of any of them, may submit relief and work-relief projects to the President for his approval; and the President may approve any such project and shall provide for payment to such State, Territory, possession, or District of Columbia, from funds allocated to it under the preceding paragraph, such sums as may be necessary to carry out the projects so approved. Subject to the approval of an advisory board hereinafter provided for, the funds paid to each State from the foregoing appropriation shall be expended under the supervision of a State agency designated by State law or appointed by the Governor for that purpose, and shall be expended in such manner and under such regulations as the State agency may prescribe and by such local agencies within the State as the State agency may designate, the funds paid to each Territory or possession shall be expended under the direction of the Governor thereof in such manner and under such regulations as he may prescribe, and the funds paid to the District of Columbia shall be expended under the direction of the Commissioners of said District in such manner and under such regulations as they may prescribe. Each State agency, each local agency designated for the expenditure of funds from the foregoing appropriation, the Governor of each Territory and possession, and the Commissioners of the District of Columbia shall appoint an advisory board of not less than five persons who shall serve without compensation and shall represent all political parties as nearly equally as may be.

"The President is authorized—

"(1) To withhold payment of funds allocated from the foregoing appropriation to any State, Territory, possession, or the District of Columbia which he finds is expending such funds for any purpose other than an approved project or is expending such funds in a manner not approved by the proper advisory boards.

"(2) To require of each State, Territory, possession, and the District of Columbia such reports as are reasonably necessary to show that such funds are being expended on projects approved by the President and subject to the approval of the proper advisory boards.

"(3) To prescribe such rules and regulations as may be necessary to carry out his powers and duties with respect to the foregoing appropriation, and to delegate any of such powers and duties to the Works Progress Administrator.

"(4) To submit to Congress a report concerning the expenditure of the foregoing appropriation not later than the 10th day of January in each of the next 2 calendar years, which report shall include a statement of expenditures made, obligations incurred, and payments made to States, Territories, possessions, and the District of Columbia by classes and amounts."

Mr. ROBINSON submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"ASTROPHYSICAL OBSERVATORY, SMITHSONIAN INSTITUTION

"Astrophysical Observatory: For the establishment and maintenance of solar observing stations, under the direction of the Smithsonian Institution, including assistance, subsistence, purchase of books, periodicals, and apparatus, making necessary observation in high altitudes, construction, rental, repairs, and alteration of buildings, preparation of manuscripts, drawings, and illustrations, traveling expenses, and other necessary expenses, to remain available until June 30, 1937, \$200,000."

Mr. MCKELLAR submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 19, line 6, after the word "Bend", to insert the following: "a dam at or near Gilbertsville, Ky., and a dam at or near Watts Bar, Tenn."

On page 19, lines 6, 7, and 8, to strike out the following: "And the continuation of preliminary investigations as to the appropriate location and type of a dam on the lower Tennessee River."

On page 19, line 18, to strike out "\$39,900,000" and insert in lieu thereof "\$41,100,000."

Mr. DIETERICH submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"Payment to Illinois Central Railroad: For payment to the Illinois Central Railroad of claim no. 1995, awarded December 6, 1926, by the Commission under a convention between the United States and Mexico, concluded September 8, 1923, as extended,

\$2,793,905.36: *Provided*, That the 5-percent deduction in reimbursement of the Government of the United States of expenses incurred by it in respect of such claim, provided for in the Department of State Appropriation Act, 1937, shall not be made."

Mr. SCHWELLENBACH submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 22, between the third and fourth paragraphs, under the caption "Works Progress Administration", to insert the following new paragraph:

"No person shall be declared ineligible for employment under this act or the Emergency Relief Appropriation Act of 1935, as amended, by reason of having received the benefits of the World War Adjusted Compensation Act, as amended and supplemented."

Mr. WHEELER submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"Bureau of Fisheries: For the acquisition by the Bureau of Fisheries of a site for a fish hatchery at Jessups Mill, near Glacier National Park in the State of Montana, \$10,000, which shall be immediately available."

#### AMENDMENTS TO RIVER AND HARBOR FLOOD-CONTROL BILL

Mr. BYRNES and Mr. MCKELLAR each submitted an amendment 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.

#### INTERNAL REVENUE TAXATION—AMENDMENTS

Mr. BAILEY submitted an amendment and Mr. SCHWELLENBACH submitted amendments intended to be proposed by them, respectively, to the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

#### TAXATION OF INTOXICATING LIQUOR—AMENDMENTS

Mr. BONE submitted amendments intended to be proposed by him to the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

#### BIRDIE BRUGH—WITHDRAWAL OF PAPERS

On motion by Mr. NORRIS, it was

*Ordered*, That the papers filed with the bill (S. 2270) granting a pension to Birdie Brugh, be withdrawn from the files of the Senate, no adverse report having been made thereon.

#### HOURS, WAGES, AND WORKING CONDITIONS IN AIR TRANSPORTATION (S. DOC. NO. 208)

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed as a Senate document, with illustrations, the report on hours, wages, and working conditions in scheduled air transportation by the Federal Coordinator of Transportation, Mr. Eastman. This report is very valuable to us in connection with our work in considering the subject of air traffic.

The VICE PRESIDENT. Without objection, the report will be printed as a Senate document, with illustrations.

#### REPORT OF THE COMMISSION OF FINE ARTS

Mr. BARKLEY. Mr. President, I ask to have printed, with illustrations, as a Senate document the Twelfth Report of the Commission of Fine Arts for the period July 1, 1929, to December 31, 1934, with respect to certain planning for the District of Columbia. It is customary to have the reports printed, and I ask that this report be printed as a Senate document.

The VICE PRESIDENT. Without objection, the report will be printed, with illustrations.

#### COMPENSATION OF CERTAIN RAILWAY-MAIL EMPLOYEES— CONFERENCE REPORT

Mr. MCKELLAR submitted the following report:

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

That the House recede from its disagreement to the amendment of the Senate and agree to the same.

KENNETH MCKELLAR,  
CARL HAYDEN,  
LYNN J. FRAZIER,  
*Managers on the part of the Senate.*

T. G. BURCH,  
FRED H. HILDEBRANDT,  
A. WILLIS ROBERTSON,  
I. H. DOUTRICH,  
PHILIP A. GOODWIN,  
*Managers on the part of the House.*

The report was agreed to.

#### NAVAL AIR STATION, MIAMI, FLA.—CONFERENCE REPORT

Mr. WALSH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 8372) to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station, and to authorize the construction and installation of a naval air station thereon, 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 amendment.

DAVID I. WALSH,  
MILLARD E. TYDINGS,  
*Managers on the part of the Senate.*  
CARL VINSON,  
PATRICK H. DREWRY,  
GEORGE P. DARROW,  
*Managers on the part of the House.*

The report was agreed to.

#### POLITICAL AND ECONOMIC CONDITIONS

Mr. BORAH. Mr. President, in the March bulletin of the National City Bank we find that the net profits of the agricultural implements industry for 1935 were 568.7 percent above those of 1934. We find from the report of one of the farm bureaus that the farm income for 1935 was 4 percent above that of 1934.

In my opinion, this presents a phase of a subject in which I have been interested and am interested, and upon which I had something to say over the radio at Cleveland last Saturday night. I ask permission to have the radio address inserted in the RECORD at this point as a part of my remarks upon this subject.

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

The address is as follows:

RADIO ADDRESS OF HON. WILLIAM E. BORAH, OF IDAHO, AT CLEVELAND, OHIO, ON MAY 9, 1936

Ladies and gentlemen, it is said that when the great political revolution of 1801 took place, and Thomas Jefferson became President, Alexander Hamilton, until the hour of his tragic death, nourished the belief that things would swing back and that the old Federal principles and policies would again prevail. Hamilton was in many ways the genius of his age. But the common people he never understood and with their lot he was not deeply concerned. He failed to realize that with the people revolutions do not go backward. The Federalist Party, with its distrust of the people, with its alien and sedition laws, passed out of American politics.

No man was ever wise enough to foretell the exact course or mark the sweep and extent of a political revolution, and I shall not undertake to do so. But the election of 1932 was just as certainly a political revolution as that of 1801 or 1860. It marked the end of one era and the beginning of another. The extent of it I do not undertake to prophesy. If the Republican Party recognizes this fact and formulates its policies and shapes its course in harmony

with the new conditions and new demands, it can render incalculable service to free institutions, to personal liberty, and to the cause of humanity. If we are wise enough and brave enough to make the cause of economic freedom the dominant and uncompromising creed of the party, we will have an issue worthy of its highest and best traditions, and may render a service to the American people second to no period in its remarkable history. If the party of Lincoln is willing to dedicate itself to the cause of free enterprise, to remove the private toll gates which monopoly has erected on the highways of American commerce, to rip out of our system the practice of price fixing which has separated our people into two classes and contributed greatly to our depression, it will be in a position, in my opinion, to repossess the confidence of the American people and rededicate itself to their service.

Let us not make the awful mistake which the great Hamilton made and proceed upon the theory that things which happened once may be glossed over and made to happen again. We cannot win upon any such theory, and we are not entitled to win upon any such theory. The organization may have the power to commit the party to such a course. But to do so is to fly in the face of millions of voters and to invite defeat.

I think I know the worth of constitutional integrity and what it means to the happiness of the American people. I feel I understand the worth of an independent judiciary in the scheme of constitutional democracy. I do not minimize their importance. I shall always be ready and anxious to contribute what little influence I may have to their preservation. A record of 30 years upon these matters justifies me in at least saying that much. I have some appreciation, I trust, of the growing waste and extravagance of government, of the devastating influence of bureaucracy, and how these things all fall at last with depressing weight upon the taxpayers of the Nation. I minimize the importance of none of these matters. But there is a deep sense of economic injustice which has come to pervade the minds of a vast number of the American people, and justly so, which we dare not disregard. This scheme of government of ours was built upon the principle of equal opportunity to all, and discussions touching the Constitution and the courts should be carried on in the light of that fundamental principle.

We are now in the preconvention contest. But I confess I am thinking more and more about the situation after the national convention shall have closed. We will then have to face the voters out yonder in the open. They have undergone a frightful experience during these last half dozen years. The vast majority of them, in my opinion, care little about party shibboleths. Millions of them feel they have been hedged about by economic and financial conditions, unjust and cruel, like the men we read about a few days ago caught in a mine and wholly dependent for light and life upon generosity of forces which they could not control. They do not understand. And no amount of theory and no amount of partisan discussion will ever enable them to understand why, in a land rich beyond language to portray, in all things which make for human happiness, one in every four should be denied the right to work, to feed and clothe his family, and why millions should be dependent upon charity for their very existence. They know perfectly well that this was a man-made depression and that a strange and vicious principle of economic injustice is at the bottom of the whole miserable cataclysm. If you talk to these men and women about the Constitution, about the rights and privileges and personal liberty of the citizen, they will, of course, agree with you. But they will ask you: What is your remedy for this economic situation. They will say: We want an opportunity to have homes, to rear families, and to live as American citizens are entitled to live. And what will be our answer? The cry of loyalty to the party, drive out the enemy—this plagiarism from the past will not count. These men and women who have been disciplined through all these years of adversity are alert and will expect an answer in terms of their own future welfare. In the face of forces which threaten their very existence this campaign will to millions be no ordinary party contest.

There is no question about the love and loyalty of the vast majority of the American people to the great underlying principles which distinguish our Government from other governments of the world. The people will not lightly imperil these principles. Ours is the only written Constitution made by the people, amendable by the people, and, in plain language which all may understand, guarantees the liberty of the people. All this they know and profoundly appreciate. But they expect—and they have a right to expect—that our Government shall not only guarantee in words the rights of the people, but make good that guaranty. To so execute the powers of government as to disparage the rights and sacrifice the happiness of a large portion of the people is the betrayal of free government, and essays and eulogies will not take the place of the actual use of these powers to the ends for which they were granted by the people.

A long time ago, early in recorded history, a person possessed of a most valuable birthright cried out: "Behold! I am at the point to die, and what profit shall this birthright do to me?" This is the cry which has marked the beginning of all resentment against established government, of established order. The people of the United States have asked and have a right to ask—they would be moral cowards and intellectual slaves if they did not ask—Behold! We are in great distress and have long been in distress. Before the depression we lived meagerly, and since the depression we and our children have lived in actual want. What profit, therefore, are

these great principles of free government if they do not protect us in our inalienable right to live, to live decently as a free people? This is not a want of loyalty to free government, but it is notice—notice accompanied by a feeling which it is dangerous to disregard; that this Government must be used and its powers exerted in the interests of the people whose Government it is. The power granted the Government by the people under the terms of their Constitution is, in my opinion, ample to protect their rights and to do for them economic justice. The question is, Shall we use these powers in the interest of the people? That is the problem which confronts the Republican Party. If it is not prepared to give assurance that it will use these powers in the interest of the people and not only to give assurance but to accompany that assurance by unmistakable proof that it will be adhered to, then it is hopeless to expect anything in November except pitiable defeat.

I hope you will be patient now while I give you some figures. One takes a risk in burdening his remarks with an extended array of statistical figures. But you will pardon me in taking this risk to some extent since human language cannot convey to you the message contained in these figures. They speak in a language all their own. Let us, in support of my theme, take the years of 1928-29. These years stand out in history as years in which our national plant yielded wealth beyond anything in recorded history. Fortunes were piled upon fortunes until they became the subject of comment not only at home but in all lands. The other side of the picture was not so generally a subject of comment. We now know that in the midst of this vast wealth the majority of our people had only means enough to sustain a bare existence. Seventy percent of our people struggled through with nothing but the bare necessities of life, and over half the population had less than an adequate diet, even in this land of untold wealth. Literally millions of children were compelled to remain out of school, denied the advantages of our great free school systems, because their parents could not provide food or clothing sufficient to enable them to attend school—that great university where men and women are prepared for the duties of citizenship. It was during this period, as we now know, that 36,000 families at the dizzy top of the economic ladder enjoyed a greater income than 12,000,000 families at the foot of the ladder. The purchasing power of the great majority of the American people was at the lowest point in our history. Under the old system of primogeniture and entail, some reckless son might seize the estate to the exclusion of all other members of the family. Under a monopoly-ridden, price-fixing system that is what takes place with reference to the whole national estate. While some live in luxury the great majority live in penury. This was the condition in the years preceding the depression. This is the condition which will always prevail under a monopoly-controlled, price-fixing regime. It is a condition which will grow worse instead of better. It does not make any difference how much recovery we may have as that term is so sadly misused nowadays. There will always be under such a system a scanty, meager living for the vast majority and almost incalculable wealth for the few. The purchasing power of the masses will always be at the lowest ebb which, of itself, will stand as a constant menace to our whole economic system.

What does the Republican Party propose to do about this? Is it satisfied with such a condition of affairs? What is the remedy? And do we propose to apply a remedy? Constitutional democracy, an independent judiciary, the whole grand scheme of free American life are involved in righting this terrible, this brutal economic injustice.

The Republican organization and the men who are making every effort to seize control of the Cleveland convention, the oil companies, the utility magnates, the du Ponts, the Browns of Ohio, the Edges of New Jersey, the Hilles of New York believe in the system and are its defenders. "The ox knoweth his owner, and the ass his master's crib." They propose to return to this economic condition of 1928-29. They laud it and say that we must get back to it. That is why they are so active. But they will not return to it. They are not equal in genius, many of them, to Alexander Hamilton. But in their limited way they are making the same mistake. They may sink the Republican Party in their effort to return to it, but they will not return to this condition—the people will not let them return to it. We will either drive monopoly and price fixing out of our system and restore to the dispossessed millions their rightful opportunity in the economic world, or we will move on to absolute governmental regimentation. And under either the reign of monopoly or the reign of Government regimentation, the free American citizen, who made this country and without whom this Republic cannot exist, will disappear as certainly as the free citizens disappeared in Germany and Italy.

Whoever opposes monopoly and the price-fixing system and all the vicious consequences which follow is immediately assailed as one opposed to business—fighting business—the enemy of business. None know better than those who raise the cry how utterly false it is. It is a fight for business, for legitimate business, for independent business. Breaking the grip of monopoly is the only hope for the independent groceryman, the independent druggist, the independent businessman in any line. The man who builds up his business through industry and ability, through the superior quality of his goods, the honest independent businessman, is the prop and stay of our entire economic system, without which the system cannot exist, and he is entitled to the encouragement and protection of our Government. Monopoly is his enemy, and no one knows it better than he does. Price fixing is his doom, and no one knows it better than he does. Another 40 years of the growth of

monopoly, the spread of price fixing, such as we have had during the last 40 years, and the independent, legitimate businessman will disappear. In other words, this is a fight for the rights of the man who is willing to devote his ability, his energy to the building up of a business and to know that he will not be bludgeoned out of the economic field through an economic dictator. There appeared in the press dispatches the other day a statement to the effect that there were 5,000,000 young college men ready and anxious to enter upon a life of self-reliance, self-respect, individual initiative, and no place to go. We ought at least to give these young men an economic field uncontrolled, unsold, unpreempted. The great question of the day is: What can we do for the young people? The first thing we ought to do is to give them an open field and a fair chance. Ninety percent of them will do the rest.

Ohio is a great agricultural State. We have a farm problem. We have had a farm problem increasing in seriousness for many years. We will have a farm problem so long as we have a diminishing market for farm products. And we will have a diminishing market for farm products so long as there is a constant decrease in purchasing power upon the part of the masses. And there will be a constant decrease in purchasing power upon the part of the masses so long as there is a power in this Government lodged in private interests which enables a few corporations to fix prices for 130,000,000 people. The farmer was not at fault in 1928-29. He had produced and was prepared, assuming the American people could buy, to feed the American people. He was prepared to run his farm upon a successful basis if he could find someone to buy his products. But the people to whom he should have been permitted to sell did not have the money with which to buy. One-half of them, as I have said, were living upon the bare necessities of life. Even if this one-half had been able to purchase what they really needed for a decent standard of living there would have been no farm problem. I make this prediction, that we will have a farm problem and the farmer will be in distress, in spite of any remedial measures which we may undertake, unless purchasing power is restored to the masses of the American people. And that never can be done under a monopolistic controlled, price-fixing system. Every agricultural nation in the world at the present time is increasing its acreage of production. Chester Davis, the able Assistant Secretary of Agriculture, in an article published sometime ago, says: "While we in the United States are driving to shift plow land to grass, the British are encouraging through national programs a shift from grass to plow land." So it is everywhere. We are shifting plow lands to grass. We would be shifting grass to plow lands if people could buy what an adequate diet demands.

It is hoped by all, and by many believed, that we are moving toward recovery. Undoubtedly there is evidence of recovery. In some lines of business there is even evidence of prosperity. But, according to the report of the American Federation of Labor, we have 12,550,000 unemployed, a million more than a year ago. According to a statement found in the New York Times on the 3d of March, we have 24,000,000 on relief, 3,000,000 more than in 1934. How indicative this is of the kind of recovery which we speak of as recovery. That which drove us into the depression now proposes to give us a recovery for only a small portion of our people. A few days ago it was judicially determined that one of our most important food products was under the control of a price-fixing power. That caused a great deal of comment. But what would the comment be if we would really realize, which I am informed is actually true, that close to 80 percent of all the things which enter the daily living of the people is either directly, or indirectly, under the jurisdiction of some price-fixing power. I observed the other day that when the Government sent out for bids upon an important project, 19 responses came in all in the same figures. The proof of this conspiracy was at hand. And who pays these prices which these combinations fix except the overburdened taxpayer of the United States? If we are traveling back on the road of so-called prosperity ultimately to arrive at the destination of 1928-29, there will be no recovery for half the population of the United States. There never will be any recovery for them. They will always be hewers of wood and drawers of water. Need we regard this question of unemployment as an insolvable mystery? These unemployed are the economic heirs of the 50,000,000 who were living on less than the bare necessities of life in the period of great prosperity. There is something basically, drastically, shamelessly wrong about such a system. And the question of 1936, after we have witnessed the proof of the effects of such a system, after our people through 6 years have suffered the tortures of hell because of such a system, is: How are we going to meet the issue?

It is admitted on all hands that regimentation, Government planning, as the phrase is used in popular parlance, must inevitably work a tragic and fundamental change in our form of government. The citizen must surrender his right to conduct his business or pursue his avocation in his own way so long as he does not transgress the rights of others. He must be content to run his business in his own way only so long as he does not transgress the orders of some bureau. The friends of regimentation make no concealment of the fact that the whole structure of government must undergo a complete change. This we shall dread to see. But let us be candid with ourselves. There is no way to avoid regimentation unless we are willing to eliminate the monopolistic system. As between the two, Government regimentation will in time prevail.

Who initiated regimentation in this country—the monopolies and combines. They initiated the doctrine of curtailment of out-

put even when millions of people were in need. Could a more perfect scheme for the impoverishment of the masses be conceived than the curtailment of output with power to fix prices on that which remained? They drove independent business from many fields of activity and reduced employment. They were the first to say: You shall not sell below a certain price and remain in business. They were the authors of price fixing throughout the country. We cannot escape the dilemma. If we do not restore free enterprise in this country, then we are going to have regimentation, either private or public. And either one, as I have said, means the end of the American scheme of life. But if the Republican Party is so wedded to its idols, if it has not the courage to break away from these powerful forces, if the party and its candidates continue to accept the money and contributions of these forces, it is doomed to have no part in the liberation of American enterprise, just as the old Whig Party, by reason of its sheer moral cowardice, was doomed to have no part in liberating a race.

The only recovery which will be recovery to a very large portion of our population, that portion which is being tossed back and forth between a state of the scariest existence and a state of dependent charity, will come to us hand in hand with the free genius of the American people, operating under just and equal laws. A recovery which fails to bring to all our people a decent standard of living, a living wage, complete economic freedom, will be a cruel deception and nothing less than a brutal interlude to another catastrophe. We will make progress in reducing our debts and our taxes and unemployment, we will start to restore confidence to business and give courage to the average citizen, we will make progress in restoring purchasing power to the masses, indispensable to permanent economic recovery, when we establish and maintain free enterprise and break the hold of both private and public regimentation.

The opposition in this State are constantly saying that I am out simply to make trouble, that I do not really care about the high honor the Convention will confer upon someone, but that I simply want to make trouble. Make trouble for whom? I should like to see my party win. I should like to see the Republican Party repossess the confidence of the millions of voters who have left it and gone elsewhere. I should like to see it become a power again in shaping national affairs in the interest of a sorely perplexed people. I am perfectly certain that, if the leaders of the opposition in Ohio and their associates elsewhere control the national convention and write the platform and name the candidate, the party will not return to power—the Republican State of Ohio will continue to be in the Democratic column. Under their leadership and under their policies in which they believe, the party has forfeited the confidence of the average man and woman to a degree never before experienced in its history. It has ceased to be a power in the Nation. I oppose them, and I oppose their policies. That is the kind of trouble I am making. I confess my limitations, and I shall not likely be able to do all I should like to do. In their political philosophy, in their conception of economic justice, I see not one single promise or one single assurance looking to the betterment of the conditions of the 50,000,000 people who, when they were in power and their theories prevailed, were compelled to live on the bare necessities of life. Believing as I do, there is only one thing I can do, and that I am doing and that I will continue to do.

We have the laws on the statute books, if enforced, to end monopoly and protect our people against its wrongs. We have the laws to protect the housewife against the economic masters who now determine the standard of living for the family. If we have not the laws already we have the power under the Constitution and the decisions of the courts to enact all necessary laws. It is solely a question of when we will use the constitutional power we have.

This cannot be done by fine phrases in a political platform. It will not be done by a party or candidate who accepts favors and incurs obligations to these influences. For 40 years political parties have told the people over and over again of the great evils of monopoly, and how, if given power, they would deal with this subject in the interest of the people. The results accruing by reason of the failure to carry out these pledges are now to be seen on every hand. It is my conviction that the whole scheme of American life, of personal liberty, depend upon our effectively keeping this long-standing pledge.

#### DUTIES OF THE "WHIP" IN CONGRESS

Mr. GUFFEY. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the pen of the distinguished senior Senator from Illinois [Mr. LEWIS] on the subject of the duties of "The Whip" in Congress, the article having been published in the Illinois State Register, of Springfield, Ill.

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

[From the Illinois State Register, Springfield, Ill.]

#### DUTIES OF "THE WHIP" IN CONGRESS

By JAMES HAMILTON LEWIS, United States Senator

What is a party whip?

What are his duties?

Why have one?

What purpose is there in the selection of such a representative of a party in connection with legislation or the management of affairs in legislative business?

Since my designation as the first party whip of the Senate in the Sixty-third Congress, these questions have often been asked me. A satisfactory reply sometimes is confusing, often not sufficiently informative to enable the inquirer to understand the reason for the selection of a whip. As a result, I have endeavored to trace the history of the whip in legislative and historical affairs.

#### INSTRUMENT OF DISCIPLINE

We find the whip used throughout the ages as the instrument of punishment and sometimes of torture. The Babylonians used it for the punishment of slaves who sometimes were captured, kings, nobles, and generals of unfortunate nations that came under their control.

The Persians followed a similar course. The Egyptian taskmasters always carried a whip for the driving of the slaves. Ghengis Khan and Kublai Khan armed their disciplinary officers with whips which were used generally in the punishment of violators of their orders.

It remained, however, for the English to establish some order and to record the purposes of the legislative whip. They sought a more modern title from which to take the name of whip but which was, nevertheless, an instrument of discipline, menace, and punishment.

#### ENGLISH ADAPT HUNTING NAME

The English were great hunters. They had what was known as the "whipper-in" in their fox hunts. Webster defines a "whipper-in" as "a huntsman who keeps the hounds from wandering and whips them in, if necessary."

The Encyclopedia Britannica, fourteenth edition, page 569, gives the following definition of the whip, which is the only authentic description I have been able to find:

"Whip, in English parliamentary usage, denotes a member, chosen by the leader or leaders of a political party for the special duty of securing the attendance of the other members of that party on all necessary occasions, the term being abbreviated from the whipper-in of a hunt. The name is also given to the summons urging members of the party to attend. The urgency or importance of the notice sent by the whips to their following is indicated by the number of lines underscoring the notice, a four-line whip usually signifying the extremest urgency. The chief government whip also holds the office of patronage secretary to the treasury, so called because when offices were freely distributed to secure the support of members, it was his chief duty to dispose of the patronage to the best advantage of his party. He is still the channel through which such patronage, if left to the prime minister, is dispensed. The parties not in office have unpaid whips. The whips also arrange for the pairing of such of the members of their party as desire to be absent with those members of the opposition who also desire to be absent. The chief whips of either party further arrange in consultation with each other the leading speakers in an important debate, and also its length, and give the list of speakers to the speaker or chairman, who usually falls in with the arrangement. They take no part in debate themselves, but are constantly present in the house during its sittings, keeping a finger, as it were, upon the pulse of the house, and constantly informing their leader of the state of the house. When any division is regarded as a strictly party one, the whips act as tellers in the division."

It will be noted from the foregoing that the duty of the whip under the English system is dual—that is, both in the election of members of Parliament and in legislative performance afterward.

#### TITLE ANGLO-SAXON

I do not find any reference to the employment of whips in the legislative bodies of the other great nations. A reference occurs in a French treatise on the British system as "les whipper-in." Of the numerous parties in the French Chamber of Deputies, leaders are frequently taken into the cabinet, but there is no indication of a person charged with the responsibility of obtaining party support. If it is done at all, it is through the party leaders who make a partisan appeal.

With the establishment of Fascist control in Italy, the various parties disappeared. This also happened in Germany when the Nazis took over the Government.

According to the Encyclopedia of Europe, VI, page 640, in Russia "the All-Union central executive committee numbers 451. It meets four times a year and once more at the conclusion of the All-Union Congress. This body is the nearest equivalent to a parliament in the Russian constitution, since the All-Union Congress of Soviets, with more than 1,100 members, can only give general directions on main principles. The preparation for its sessions are made by the Presidium of 27 members elected by the executive committee from among its own members and for its own period of office. It prepares the order of business which it publishes 2 weeks at least before the session commences, and provides members with necessary reports."

Japan has no official corresponding to the whip in its parliament.

#### DUTIES OF A WHIP

Perhaps before going into detail under the American system, it might be well to give the definition of the duties of the whip in the American Congress as outlined by William Tyler Page during his tenure as Clerk of the House of Representatives. Mr. Page gave me this description in the last administration when he was clerk of the Seventy-second Congress:

"The office of whip comes to us from the British Parliament. That is, the name does, and it has been used for some 200 years. It is probable that every legislative body, as long as there have been such bodies, has had some person who has acted in this capacity."

"The whip looks after the membership of his party and endeavors to have them present to vote on important measures. When the vote is apt to be close he checks up, finds out who is out of the city, and advises absentees by wire of the important measures coming up."

"There are many hours of long debate when many Members do not feel it necessary to be present and listening, and they go along attending to their other business, which in many cases is pressing. The whip keeps posted on the daily program, and if something important comes up where votes will be taken he notifies the membership of his party. Occasionally Members' offices are notified by phone from the whip's office that 'all Members are desired on the floor immediately.' After such notice is phoned around you will see the House gradually fill up with Members."

#### REPUBLICAN WHIP

The whip has also a duty to perform in connection with the White House. The President occasionally seeks information from the whip as to the sentiment of the House on important administration measures, about the prospect of passage of certain bills, and the whip naturally reflects the President's view about many things and is in a position to know the administration's policy.

By substituting the word "Democratic" or "Republican", the duties of the whip, as defined by Mr. Page, are identical.

The close association with the White House depends upon the membership of the respective Houses of the Congress. If the administration is Democratic, as at present, and there is a Democratic majority in both Houses, the connection is direct. Should the membership of either House become Republican with a Democratic President, the minority becomes the contacting party in place of the majority. This condition frequently has existed during the life of the Republic and may prevail under either or any party.

#### WHIP SYSTEMS COMPARED

It will be noted from the description of the powers of the whip in the English Parliament and the duties defined by Mr. Page that the whip in Parliament represents the Government, while the whip in Congress is a party designation. The English whips resign with the Cabinet when there is a change. The American whips may continue in the performance of their duties regardless of a change in the administration, simply shifting from the majority to the minority side, or vice versa—that is, of course, with the understanding that they are again designated by their parties in the organization of the new Congress.

Another difference in their duties may be found in the distribution of patronage by the English whips, whereas the congressional whips have no direct connection with the distribution of party patronage except insofar as it pertains to the portion allotted to them as individual Members of the Congress.

#### METHODS OF DISCIPLINE

Under the English system whips are empowered to indicate punishment in the event of failure to perform according to the wishes of the Government. For instance, in Volume I, Government of England, House of Commons, it is related that the whips may send a one-line lithograph notice indicating that the presence of a member is desired at a particular session of Parliament. A notice of two thick lines indicates "come on pain of being thought a deserter." A four-line notice is only sent as a signal of the extremest urgency in the nature of a division of the House when the future of the Government may be determined.

American whips have no such authority as this. They may send notices to the Members to be present. Through the clerks of the majority and minority they may arrange pairs; that is, the voting of some absentee or present Member in favor of the question with some absentee or present Member who is opposed. Under the English system the whips make up the committees. Under the American system committees of the Members of the Congress designate committees.

Under the English system the government whip is paid, while the whips of the minority parties are designated by their leaders and are independent of the governmental organization. Under the American system the whips are Members of the Senate and House and have clerks representing the majority and minority to assist in their work.

The Speaker, the party caucus, or the floor leaders may appoint whips in the House, and the Committee on Committees, a party caucus, or the floor leaders select them in the Senate.

#### CALLING ABSENTEES

Some years ago a system of electric calls was instituted in the Government buildings. Now, wherever Members may be—in the committee rooms of the Capitol or the Senate and House Office Buildings or in their own offices—bells are rung announcing the time for convening, roll calls, executive sessions, recess, and adjournment, so that any Member wherever he may be in the aforementioned buildings can proceed to the Chambers and respond to roll call if necessary. Should a Senator be visiting the House or a Representative calling on a Senator, he would have to be reached by a messenger, if his vote should be required.

In the old days personal messengers had to be sent. It was the duty of the whips to see that a quorum was present and that all

the Members in Washington who could be reached were on hand when an important question was under consideration. Then came the telephone. Now the electric system eliminates the messenger service, and messengers are required only when there is a call of the House or Senate, when the Sergeants at Arms have to summon each individual Senator or Congressman.

#### FIRST DEMOCRATIC WHIP

So far as I have been able to learn, I was the first Democratic whip appointed in the history of the United States Senate. It was during the first Wilson administration. We had many important questions before the Senate in that pre-war period. Then came the war, when the demands on the whip's time were continuous and exacting. A similar condition existed in the Seventy-third Congress, when all the emergency legislation under the Roosevelt administration was being considered. Congressman ARTHUR H. GREENWOOD, of Indiana, was the whip of the House.

There was no time when our duties did not require the most solicitous attention and consideration. Tact, patience, good humor, and unfailing courtesy are required.

The duties of the Senate whip demand his presence on the floor as constantly as possible. Sometimes the long hours test his physical capacity, but generally he is devoted to "watchful waiting." He is ex-officio assistant floor leader, and in the absence of the floor leader, and other assistants, may be called upon to represent his party.

#### REPORTS ON SITUATION

At roll calls he reports absentees and pairs which have been brought to his attention. He is not supposed to introduce bills lest they may divert his attention from his floor duties. While the parliamentary whip is not supposed to engage in debate, there is no such restriction on the congressional whips. In fact, as assistant floor leaders it often becomes necessary for them to do so.

I count it a crowning honor that after serving through three Congresses, I was again selected as whip by my colleagues after being out of the Senate for 12 years. Again they honored me in the Seventy-third and Seventy-fourth Congresses. Six times whip of my party is a record of which I am extremely proud.

#### ADMINISTRATION OF RELIEF FUNDS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Philadelphia Inquirer of Monday morning, May 11, 1936, entitled "The Battle of Relief Giants."

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

[From the Philadelphia Inquirer of May 11, 1936]

#### THE BATTLE OF THE RELIEF GIANTS

The intensified struggle now in progress between P. W. A. Chief Ickes and W. P. A. Chief Hopkins over the spending of the relief billions conceivably may have a powerful influence on the national political situation in this Presidential year.

Mr. Ickes' threat to reduce his administrative personnel by 25 percent is the direct result of the refusal of the House to earmark for the use of P. W. A. \$350,000,000 to \$700,000,000 of the new relief funds. President Roosevelt has been vigorously opposed to an additional P. W. A. grant, and the House—what else would it do?—agreed with him.

If the proposed P. W. A. personnel reduction could be regarded as an authentic economy move, purposefully directed toward a trimming of 2,000 jobholders from bureaucratic pay rolls, there might be good reason for taxpayers to rejoice. But this is not clear. First, Mr. Ickes' move seems to be intended as an unfortunate plea to the Senate for P. W. A. aid. Second, if none of the new relief money is allocated to Ickes, it means that virtually all of it will be administered by Chief Boondoggler Hopkins, of W. P. A.

One of the more difficult problems posed for the citizenry by the New Deal is how to choose between evils, how to select the less futile of two futilities. P. W. A. has been a costly luxury. Its ability to provide jobs has been disappointing in relation to the millions it has expended.

But whatever its efficacy as a recovery agency, P. W. A. manages to show something achieved through the money spent. In this respect, if in no other, its record is in marked contrast to that of W. P. A. The Hopkins department of work relief provides jobs and wages for the enactment of the most useless, unnecessary public program known to man.

It has been plain for some time that President Roosevelt believed with Hopkins that relief, rather than work, should be emphasized in work-relief projects. At the same time there could be no mistaking the fact that the President's enthusiasm for Mr. Ickes' endeavors had waned to the vanishing point. The present prospect is that unless the Senate responds to the Ickesian cry for help and specifies part of the \$1,425,000,000 proposed relief fund for projects requiring large expenditures for materials, or unless there should be a separate appropriation for the purpose, the P. W. A. will be permitted quietly to lapse.

While it would be inadvisable to appropriate for P. W. A. funds which would be in addition to the \$1,425,000,000 relief bill, there is something to be said for letting Mr. Ickes have a share in the spending of the work-relief money. Industry would receive some

benefit thereby, and the W. P. A. boondoggler would be prevented from frittering away the entire fund.

In this strange situation the political anomaly is readily perceptible. W. P. A. has come to be a political factor of no inconsequential moment. A large W. P. A. fund, unburdened by liens for the purchase of materials, would be a powerful campaign instrument.

But W. P. A. has become a synonym for futility, for waste, for politics in relief, for failure of accomplishment. Scandals and controversies over it exist in many States. On the other hand, Ickes' P. W. A. has been virtually free from charges of politics and graft. For the administration to put all its relief and campaign eggs in W. P. A.'s basket to the virtual exclusion of P. W. A.'s seems to be something less than astute political management.

Out of this battle of the giants over which group of New Deal spenders shall administer the new relief fund emerges one shining fact. It is that the whole Federal relief and work-relief system as organized and operated by the New Deal is a hopeless conglomeration of waste, ineffectiveness, and politics, and that it demands a thorough and complete overhauling.

The Roosevelt administration is ill-equipped to correct a grave condition for which it is primarily responsible.

#### A NEW APPROACH TO THE TARIFF QUESTION—ADDRESS BY HENRY F. GRADY

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address delivered at the convention of the National League of Women Voters in Cincinnati on April 29, 1936, by Henry F. Grady, of the State Department, with reference to "A new approach to the tariff question." A few days ago I asked that this address be printed in the RECORD, but since, on account of its length, an estimate of the number of pages it would cover was required, it was not printed at that time. I have obtained the estimate, and I renew the request.

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

I am very happy to have an opportunity to address the members of the National League of Women Voters. The fact that the subject of the tariff, in both its domestic and international phases, has had a place on your study program for a number of years indicates that you have been doing your own thinking on the fundamental economic principles involved in the question of tariffs. I feel, therefore, that I can proceed at once to the consideration of certain aspects of the tariff question and the reciprocal trade agreements program, which, in view of widely held misconceptions, apparently cannot be clarified too carefully nor emphasized too strongly.

One of these misconceptions is the belief that the United States is not dependent in any important degree upon international trade for prosperity. How many times have you read or heard it said that since exports amount to only 10 percent or less of domestic production, they are unimportant and efforts to restore our international trade are useless? I need not discuss with you at length the utterly misleading nature of this shallow generalization. You know what the loss of export markets has meant to the farmers who grow crops for export; to the industries which must export a large part of their output in order to enable them to operate profitably with full working forces; to the transportation companies, banks, and other agencies which facilitate the movement of goods in foreign trade; and to all of us as consumers. Nor is the cotton farmer, the tobacco grower or the manufacturer of automobiles or agricultural machinery impressed by such specious reasoning; he knows that good export markets bring him prosperity and that loss of those markets means reduced purchasing power and hardship. Half of the population of the Southern States depends, directly or indirectly, upon cotton production for its income, and over half of our cotton crop normally is sold abroad. When cotton exports decline and the price of cotton falls, the decreased purchasing power of millions of people in the South has a depressing effect upon virtually every State and every industry in the country. The welfare of many growers of crops sold entirely in the domestic market is closely linked with that of the export industries and the size of industrial pay rolls; just as the prosperity of many manufacturers of products sold very largely or solely in the domestic market depends importantly upon the purchasing power of farmers in the sections of the country where export crops are grown.

Those who belittle the importance to this country of international trade generally are interested in, or supported by, the branches of agriculture or industry which fear foreign competition and which rely upon high tariffs as a substitute for efficiency and economy. Among those who regard as futile any effort to restore our international trade are a number of persons of some intellectual attainment. Some in this group recognize the dependence of American agriculture and industry upon export markets, but instead of advocating measures designed to restore lost markets abroad, they conclude that we should free ourselves from that dependence by adjusting our agricultural and industrial plant to the requirements of the domestic market alone. These theorists apparently give little or no thought to the vast economic and social problems which such a violent adjustment would involve;

they offer no hope to the millions of unemployed workers in our cities or to the impoverished farmers and farm workers who for decades or generations have come to depend upon the exchange of our exportable surpluses for the products of other countries which we need or desire. Others in this group of intellectual antiforeign traders jump to the conclusion that however desirable a restoration of our international trade might be, the obstacles to its restoration are insuperable. Therefore, they counsel, our energies should be devoted to the unhappy task of adjusting our production to the requirements of the domestic market, regardless of the economic and human cost. In the first place, these well-meaning prophets of doom usually greatly exaggerate the rigidity of the obstacles to be overcome, in some cases being misled by the superficially reasonable notion that the post-war industrialization in many countries and agricultural developments in others have destroyed forever the basis for any important volume of foreign trade for the United States. In the second place, they generally fail to realize that effective means of restoring our international trade are at our disposal.

Most of the conclusions drawn by minimizers of the importance to this country of international trade would be harmless if they were not believed in by people who have not had an opportunity to study intelligently the economic and social significance of such trade. An unusual argument is that in the late twenties, when we were at the peak of prosperity, our exports were just about balanced by our imports, hence, if there had been no foreign trade at all, prosperity would have remained in all its vigor. Surely no one could believe that our prosperity did not, in fact, depend in an important measure upon the production, exchange, and consumption of the nine or ten billion dollars' worth of products represented by our average annual exports and imports in those years. If this flourishing foreign trade had not existed there would have been less production, less trade, less purchasing power, and a lower standard of living. The use of production facilities for foreign trade does not mean that those facilities are taken away from production for the domestic market; it means the employment of workers and resources in the most profitable ways and a larger national income than would be possible without foreign trade.

The issue in the field of foreign trade does not lie between those who favor extremely high tariffs and those who advocate free trade. No responsible Government official at the present time is advocating the latter policy. The real issue lies between those who would keep our tariff at its present high level and add still higher restrictions on noncompetitive as well as competitive imports and those who advocate the removal of excessively high trade restrictions so that international trade may again move along natural channels and resume the profitable proportions it had attained prior to 1930. Those who advocate maintenance of the tariff and the further reduction of imports maintain that internationalists overestimate the importance of foreign trade. They profess to believe that an approach to self-sufficiency is desirable as a means of bringing about a more diversified industrial and agricultural society and as a means of giving industry and agriculture stability by making them independent of the commercial policies of foreign countries. They make much of the false argument that only by keeping out imports can we maintain our standard of living.

A number of European countries today are making a great effort to establish economic self-sufficiency. They are growing wheat at costs far above the world price. They are developing artificial fibers as a substitute for cotton and are pushing the production of artificial silk. They are replacing American lard with vegetable oils and whale oil, and are experimenting with the production of synthetic sugar. They are doing all these things, regardless of cost, in an effort to make themselves independent of other countries in case of war or as a means of protecting endangered currencies or various branches of agriculture. But no one would say that they are improving or even maintaining their standards of living.

The United States is in a more favorable position than perhaps any other country to establish an autarchy. We have wheat, vegetables, citrus and other fruits; we have cattle and poultry; we have sugar and tobacco; we have cotton; we have iron and coal; and we have wood and oil. We could get along without bananas, chocolate, tea, spices, and silk; and we could substitute glass for tin containers. We might have difficulties about rubber and a few other commodities, but on the whole, it is agreed, we could attain an exclusively American standard of living. But, definitely and inevitably, it would not be nearly as high a standard of living as we have enjoyed in the past. If we should insist upon producing a maximum of goods for ourselves without regard to costs, our standard of living would go down. Our farmers, industrial workers, and others would have to make painful adjustments involving great economic hardships and vast social and governmental problems. Moreover, the permanent loss of our foreign markets inevitably would bring with it a degree of regimentation and Government interference quite incompatible with the freedom of private enterprise which we associate with American political ideals. The experiences of the past few years of depression would seem delightful by comparison. While it is true that there are in this country relatively few advocates of thoroughgoing self-sufficiency, there are not a few who seek additional barriers against imports of foreign products, which would be a step in the direction of self-sufficiency and of its consequences that I have just indicated.

What is needed if we are to regain the standard of living which prevailed in the twenties is a downward revision of our tariff and a scaling down of foreign barriers against our exports. Widespread recognition of this necessity would greatly facilitate the task of restoring our foreign trade. Unfortunately such recognition is delayed by the lack of appreciation on the part of many people of the fact that our own tariff has had a disastrous effect upon our foreign trade and that the decline of that trade has contributed heavily to present unemployment and lowered standards of living. That tariffs increase the cost of living is admitted even by legislators who advocate high tariffs. An analysis of votes on the Hawley-Smoot tariff bill of 1930, for example, reveals that Senators from metropolitan and industrial areas, who consistently voted for increased tariffs on industrial and other items, voted against increases when it came to tariffs on food items in demand by their metropolitan constituents.

Those of you who act as custodian of the family budget doubtless are interested in the consumer aspect of the trade-agreements program, since the value of your income and the standard of comfort it will provide for your families are directly determined by the cost of living and the amount your dollar will buy. In this connection, I should like to mention the illusion that consumer advantages resulting from foreign trade are incompatible with the economic welfare of the country. Buying "American" at the expense of your purse is likely to be worse than a futile sacrifice. By doing so you may be increasing the profits of a particular industry, but you are not adding to the sum total of employment nor to the fuller use of our domestic production facilities. On the contrary, you may create unemployment in the country's export industries by helping to make it more difficult for foreign countries to acquire purchasing power for our products.

There is much confused thinking about the farmer's relation to the tariff. Of late there has been an encouraging amount of discussion of this question from which has emerged more clearly than heretofore the realization that our high tariff on manufactured products has subsidized many branches of industry at the expense of the farmer and the consumer. Farm leaders realize that our tariff on agricultural products has in general been ineffective by reason of the fact that many of the products are on an export basis, and frequently refer to the disparity between agriculture and industry. However, the preponderance of opinion among farm leaders and their supporters appears to be that parity between agriculture and industry can be obtained sooner and with greater certainty by measures giving the farmer special benefits than by measures affecting the tariff privileges accorded to industry. That is why they hailed the Agricultural Adjustment Act benefits as "the farmer's tariff."

Unfortunately, many farmers have been swept along with the current of this superficially attractive short cut to parity with industry without realizing how it affects their immediate and long-run interests. They are prone to regard the emergency measures adopted by the Administration to tide them over a difficult period when our agricultural exports were at low ebb and stocks were piling up, as a permanent solution of their problems, whereas the real objective of these measures was to effect an orderly retreat, through planned curtailment of production, from a temporarily adverse world-market situation. If the farmers of this country, particularly those who customarily grow crops far in excess of domestic requirements, realized fully what has caused their present difficulties I believe that the sentiment in favor of short cuts to parity with industry would wane and finally evaporate. I believe this because it must be obvious to anyone who takes the time to think about it that these short cuts do not contribute in any way whatever to the restoration of the farmer's export markets. Indeed, if such measures involve further restrictions upon imports of largely or wholly noncompetitive agricultural products they make the farmer's basic problem worse rather than better. They make it worse by decreasing the purchasing power of the people in other countries for the products of our farms and factories when what is urgently needed is an increase of foreign purchasing power for our cotton, pork products, tobacco, fruits, and other farm products. Moreover, such measures encourage log rolling by means of which, in return for industrial support of ineffective agricultural tariffs, the farmers are induced to support industrial tariffs which are effective and which add to the farmers' burden as consumers and as exporters.

In the absence of loans to other countries, which appear to be out of the question at this time on any important scale, the only way the people of those countries can buy more from us is to sell more to us. From this it follows as night follows day that we should reduce some of the excessive barriers to the sale in this country of foreign products needed or desired by our industries, our farmers, our industrial workers, and by all of us as consumers. If the truth of this could be brought home to the farmers of this country, their leaders, and their supporters, I am convinced that their good sense would lead them to endorse the efforts which our Government is making to restore foreign markets for our agricultural and other products by means of reasonable adjustments of our tariff in connection with trade agreements with foreign countries.

Under these agreements we not only obtain the reduction or removal of foreign tariffs, quotas, and other restrictions against our agricultural and other export products but also create the opportunity for the people of other countries to acquire additional purchasing power for our products. Literally hundreds of concessions on agricultural products have been obtained from foreign countries under trade agreements concluded to date as compared

with a relatively few and limited concessions on foreign agricultural products, mainly noncompetitive or only indirectly competitive, necessarily given in return. This fact, and the encouraging increases in the exports of certain agricultural products to countries with which trade agreements have been in force for some time, demonstrate the effectiveness of the trade-agreements program as a means of reopening foreign markets for the products of our farms. This fundamentally sound method of attacking the farmer's problem is gradually but surely bringing the farmer closer to parity with industry, at a higher instead of a lower level, without serious injury to the latter. Certain persons unfriendly to the trade-agreements program have endeavored to minimize its importance to the farmer by pointing to the increase in imports of certain agricultural products in 1935 and inferring or baldly stating that such imports resulted from the trade-agreements program. There is, of course, no truth in such inferences or statements. The unusual imports were caused mainly by the unprecedentedly severe drought of 1934 and unusually high prices, and came in over the rates of the Hawley-Smoot tariff.

Before leaving the subject of the farmer's relation to the tariff, I should like to mention another short cut to prosperity which seems to appeal to certain farm groups and their supporters. I refer to export-bounty plans. These plans, which assume a variety of forms, involve a drain upon the general funds of the Treasury, to which we all contribute, for the benefit of a limited number of beneficiaries; they encounter resistance on the part of foreign countries which offset with special charges or restrictions any bounties granted in the country of export; and they are wholly ineffective with respect to quota restrictions and exchange controls imposed by foreign countries. Obviously they do not help to increase foreign purchasing power for the products of our farms; they do not strike at the root of the farmer's difficulties.

Many industrial workers, and people who would be industrial workers if only they could find jobs, have been led to believe that our generally high tariff on industrial products, including prohibitive rates of duty on many items, is a necessary protection against foreign competition and a guaranty of their wage scales and standards of living. How they can believe this after the bitter experiences of the depression years, when our highest tariff was matched by the highest level of unemployment ever known in this country and when wages and standards of living sank to levels not believed possible a few years earlier, is understandable only on the assumption that they are not fully aware of the damage done by our own short-sighted tariff measures and by those of other countries. Another explanation of the persistence of the notion that a high tariff protects the worker's wages and his job probably is to be found in the fact that during the twenties our huge loans to foreigners enabled them to buy our products despite our high tariff which, had it not been for such loans, would have prevented them from acquiring the necessary purchasing power for such large quantities of our goods by means of exports of their products to this country. Thus the stifling effects of our tariff were postponed until the loans to foreigners ceased abruptly. After that, our export as well as import trade collapsed; unemployment mounted rapidly; wages and standards of living fell.

Intelligent industrial workers must realize now that they have been the dupes of the real beneficiaries of high tariffs, namely, the relatively small number of industrialists and capitalists who have reaped the benefits of the tariff in the form of monopoly profits at the expense of consumers, including the workers in their own factories. They must be beginning to realize also that, in the absence of loans to foreign countries, our own tariff wall against imports is also an effective barrier against the exportation of the products of our strongest branches of industry and agriculture. From the viewpoint of labor generally, the stoppage of the flow of international trade by our tariff and by the trade restrictions imposed by other countries has meant the slowing up of industrial activity, depressed wage scales, and restricted opportunities for employment; the increase in international trade which would result from the reduction of excessive trade barriers would, just as surely, mean greater industrial activity, improved wage scales, and reemployment of many workers.

There is evidence that labor leaders and organizations are becoming interested in the relationship between international trade and employment. Thus the governing body of the International Labor Office, Geneva, recently adopted a resolution calling for a study of employment in countries where significant changes in exports and imports, or either, have taken place and of the incomes of workers in such countries. This I regard as a very encouraging step in the direction of freeing the workers of this and other countries from misconceptions in regard to the importance to them of a flourishing two-way trade and in regard to the tariff question.

Any effective measure designed to restore our foreign trade should command the active support of agriculture and labor, since greater industrial activity and larger pay rolls in the industrial centers mean improved demand and firmer prices for farm products and greater purchasing power in the farming sections means an improved market for manufactured products. This applies to farm and factory products sold entirely within our borders as well as to the products of which we normally have supplies in excess of domestic requirements. Figures show that there is a definite correlation between factory pay rolls and farm income, which indicates that increases in the purchasing power of industrial workers are in large part passed on to farmers in the form of increased purchases of dairy products and other foodstuffs.

The removal of excessive trade restrictions naturally involves some economic readjustment, but the maintenance of our present

high-tariff barriers would mean the permanent renunciation of a healthy foreign trade and hence would involve far greater economic and social readjustments. Free trade between the States of our Union involves constant economic readjustment, yet there has been no serious agitation for an amendment to the Constitution which would permit the States to impose tariffs as a means of avoiding such readjustments. One of my colleagues recently pointed out that in his State, Massachusetts, the dairy industry has been shrinking and that Massachusetts is buying milk from Vermont, butter from Minnesota, and cheese from Wisconsin when it has available many hundreds of acres on which it could, if necessary, support an adequate dairy industry of its own. In the textile field, industries have been moving south and have taken with them many markets formerly served by Massachusetts. The carriage factories formerly operating in Massachusetts might have been turned into automobile plants if Massachusetts could have secured protection against Detroit automobiles. Unable to utilize a State tariff as a means of reserving the Massachusetts market for producers in that State, the people of Massachusetts have turned to new and more profitable industries which find markets far beyond New England to the west and in foreign countries. The adjustments caused by the freely competitive conditions under which American industry is functioning are more than compensated for by the huge markets which the absence of trade restrictions has created in this country and which have enabled American industry to develop mass-production methods to an unparalleled extent.

The conditions and circumstances which enable American industry to function under competitive conditions in so large an area as the United States, I believe, hold good to a considerable extent in the international field. The inventive genius of the American people along mechanical lines is universally acknowledged. We have shown our supremacy in the designing of industrial machinery and in the production of automotive vehicles, office equipment, and other products, and we have applied scientific methods to agriculture. We have sold enormous quantities of various commodities in the world market before serious competition could appear; and as competition develops our mechanical processes ordinarily are several steps in advance of those of other countries so that we retain competitive advantages while at the same time we are forging ahead with new and different products. Nevertheless many persons promptly become alarmed when lower tariffs are discussed because they fear that American workers will be displaced to the degree that imports are permitted to enter. Statistics give clear proof, not, indeed, that increased imports are necessarily the cause of increased home employment but that increased imports and increased employment are by no means incompatible. When we compare the index figures of employment compiled by the Federal Reserve Board since 1916 with import statistics, we find that as imports increased, employment increased and that each year that imports decreased, employment likewise decreased. With the exception of one year, the same statement applies to imports in relation to factory pay rolls. Those who call for still higher barriers against foreign products, ostensibly on the ground that otherwise some industry or branch of agriculture in this country will be ruined, evidently have a very low regard for the inventive genius, adaptability, and resourcefulness of the American people and underestimate the abundance and variety of our natural resources.

You are, of course, well aware of the main objectives of the trade-agreements program. They are indeed so clear-cut that it is somewhat difficult to believe that there could be any misconceptions concerning them. However, from time to time and in certain quarters come statements which indicate that the objectives of our program for the restoration of our international trade are not thoroughly understood. It has even been alleged, for example, that under trade agreements with foreign countries American agriculture is being sacrificed in the interest of American industry. The opposite also has been alleged, namely, that industry is being sacrificed for the benefit of agriculture. The plain truth is that neither is being sacrificed. On the contrary, foreign markets for important branches of both agriculture and industry are being effectively reopened by means of these agreements. The allegation that the trade-agreements program is being carried out by free-trade theorists is scarcely worthy of comment. The facts themselves, as they appear in the trade agreements concluded, are sufficient refutation of such an absurd charge.

There is comparatively little criticism of the use of the bilateral trade-agreements method rather than unilateral tariff legislation as a means of reducing trade barriers. It seems to be quite generally appreciated that the unilateral method would not be practicable at this time. If the world's commerce were free from the many restrictive devices instituted in recent years, and if some sort of a stable international monetary standard were in operation, the lowering of our own tariffs doubtless would result in an increase in export commerce more or less corresponding to the increase in imports facilitated by our tariff reductions. But with conditions as they are today, a unilateral tariff-reduction program, even if politically feasible, probably would not increase exports quickly enough to compensate for disturbances to certain branches of American industry. At a time when we are just emerging from a depression, it is necessary that our tariff program provide immediate opportunity for increased exports through reciprocal concessions granted certain of our products.

The method of reciprocal bilateral bargaining which has been adopted as the most immediately feasible and promising approach to our tariff and foreign-trade problem reflects a departure from isolationism at a critical time when isolationism has grown to such

an exaggerated stature that it tends to destroy economic progress and to endanger the peace of the world. Its full implications mean a new American commercial policy adapted to our present international commercial, economic, and financial position. To the extent that this new policy becomes established in our institutional system we will have moved from an autonomous to a conventional tariff policy.

The method of reciprocal bilateral agreements has a number of important advantages over the congressional or autonomous method which the United States has followed in the past:

(a) The trade-agreements program has been remarkably free from lobbyists and from the high-pressure tactics generally used by special-interest groups to secure increased tariff privileges.

(b) Perhaps for the first time the tariff question is being approached from the point of view of national interest—the general welfare of farmers, workers, industrialists, and consumers—rather than from the standpoint of special industrial or sectional groups. The careful study and investigation carried out by a large group of experts regarding the commodities in respect of which our tariff rates might be reduced in the interest of expanding our export trade assures a type of scientific tariff adjustment such as our country has never had before.

(c) Our country has been among the last of the important commercial countries to give up the procedure of tariff making by purely autonomous legislative action. The present method brings the United States into line with the tariff method used by other countries. In foreign countries, tariff making generally has been placed largely in the hands of the executive, aided by technical experts. In these days of rapidly shifting economic situations it seems desirable that the tariff system of the United States be equally flexible to meet changing conditions and to enable our Government to defend and build up our international trade effectively.

(d) The adoption of the bilateral-agreements method is a recognition of the inescapable fact that our own tariff, perhaps equally or more than the trade restrictions of other countries, has a direct bearing upon the volume of export trade which this country can develop.

(e) The bilateral trade-agreements method is a recognition also of the fact that our tariff does not concern the United States alone, just as the tariffs and other trade restrictions imposed by foreign countries do not concern their interests alone but affect our interests as well. By means of mutually advantageous and simultaneous tariff adjustments the United States and a foreign country are able to stimulate a revival of two-way trade to the advantage of the people of both countries. These arrangements make for better international understanding and good will.

The reciprocal trade-agreements program of the United States differs radically from that of certain other countries which attempt to bargain for preferential positions in foreign markets. Preferential bargaining has been used by certain countries which normally and naturally have so-called unfavorable balances of trade to force the countries from which they import to purchase larger amounts of their export products, regardless of price and quality. These attempts at bilateral balancing of trade have resulted inevitably in a leveling down of trade rather than in a building up of the total trade between the two countries. Perhaps the worst feature of trade agreements under the bilateral balancing of trade policy is the discriminations they involve against the products of third countries. In short, such agreements not only involve the victimizing of the industries and consumers in the country called upon to increase its purchases from the country taking the initiative but also harm the trade of the other countries; they are destructive instruments of economic warfare which tend to reduce international trade as a whole and create international friction and ill will.

The principle underlying the trade-agreements program is that of unconditional most-favored-nation treatment. This means that any concession granted in a trade agreement is automatically extended to all other countries which grant the United States such treatment, even when no formal treaty or agreement to that effect exists. It is important to keep in mind that the nongeneralization of concessions would constitute harmful discriminations against all other countries and that in self-defense other countries would be inclined to retaliate against our commerce—a development which would nullify the purpose of the trade-agreements program, which is to facilitate a general increase of our foreign trade, but not at the expense of other countries.

The question is sometimes raised, What is the value of a bilateral agreement, the advantages of which are immediately extended to all other countries? The answer is that the unconditional most-favored-nation principle is wholly compatible with bilateral bargaining by the simple fact that ordinarily concessions granted in any agreement are of importance and value chiefly to the particular country with which the agreement is made. Our sources of imports of any particular product generally are few in number, with one country the leading source. For this reason there is ample bargaining power for bilateral negotiations with all important trading nations. The countries which benefit secondarily or slightly or not at all from our concessions as a general rule extend to our exports the benefit of any advantages they may accord to other countries. In sharp contrast to preferential tariff bargaining, trade agreements under the unconditional most-favored-nation principle are instruments of economic peace which tend to increase international trade as a whole and create international good will.

The members of the National League of Women Voters will render the people of this country a great service if they will carry forward energetically their work of education in regard to the tariff, the role of international trade in our economic life, and the trade-agreements program. They will thus help to dispel the baseless fears and misconceptions which impede the progress of the Government's trade-recovery measures.

#### THE CALENDAR

The VICE PRESIDENT. The morning business is closed.

Under the unanimous-consent agreement entered yesterday, the clerk will call the calendar for the consideration of unobjection bills.

The first business on the calendar was the bill (S. 944) to amend section 5 of the Federal Trade Commission Act.

Mr. VANDENBERG. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 213) to amend section 113 of the Criminal Code of March 4, 1909 (35 Stat. 1109; U. S. C., title 18, sec. 203), and for other purposes, was announced as next in order.

Mr. MCKELLAR (and other Senators). Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1506) to change the name of the Pickwick Landing Dam to Quin Dam was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 574) relative to Members of Congress acting as attorneys in matters where the United States has an interest was announced as next in order.

Mr. MCKELLAR (and other Senators). Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 509) to prevent the use of Federal offices or patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends was announced as next in order.

Mr. ROBINSON. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

#### PREVENTION OF LYNCHING

The bill (S. 24) to assure to persons within the jurisdiction of every State the equal protection of the laws by discouraging, preventing, and punishing the crime of lynching was announced as next in order.

Mr. MCKELLAR (and other Senators). Let that bill go over.

Mr. COPELAND. Mr. President, I wish the Senators would withhold their objections for a moment until I may say a word.

Mr. MCKELLAR. I withhold the objection.

Mr. COPELAND. I think this bill, the antilynching bill, ought at some time to have a vote of the Senate. Regardless of what its fate may be, it is only right, as I view the matter, that there should be an opportunity to vote upon it.

From my State I have insistent demands that something be done regarding this bill. Regardless of how I may feel about it personally, I think it is only right that before the end of the session there shall be an opportunity to have a vote on a matter so important as this.

Mr. LEWIS. Mr. President, may I be pardoned if I ask the Senator from New York whether it would not be appropriate at least that some action be taken looking to setting a special time for the consideration of the bill?

Mr. SMITH. No.

Mr. MCKELLAR. Let the bill go over.

Mr. KING. Over.

Mr. LEWIS. Mr. President, I am propounding a query.

Mr. COPELAND. I hope Senators will bear with me a moment until I answer the Senator from Illinois. I think it would be wise to have the bill made a special order.

Mr. ROBINSON. Mr. President, this bill was brought forward during the last session, and was discussed for a great many days. I am satisfied that it would not be practicable to take it up again during the present session.

The PRESIDENT pro tempore. Objection having been made, the bill will be passed over.

## BILLS PASSED OVER

The bill (S. 1452) providing for the employment of skilled shorthand reporters in the executive branch of the Government was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 87) to prevent the shipment in interstate commerce of certain articles and commodities, in connection with which persons are employed more than 5 days per week or 6 hours per day, and prescribing certain conditions with respect to purchases and loans by the United States, and codes, agreements, and licenses under the National Industrial Recovery Act was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1460) to fix standards for till baskets, climax baskets, round stave baskets, market baskets, drums, hamper, cartons, crates, boxes, barrels, and other containers for fruits or vegetables, to consolidate existing laws on this subject, and for other purposes, was announced as next in order.

Mr. CLARK and Mr. BURKE. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

## REFINANCING OF FARM INDEBTEDNESS

The bill (S. 212) 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, was announced as next in order.

Mr. MCKELLAR and Mr. KING. Let that go over.

Mr. FRAZIER. Mr. President, I wish, if I may, to make a statement of a minute or two on this bill.

This is the companion bill of the one which at the present time is before the House of Representatives, the unfinished business of that body, known as the Frazier-Lemke refinancing bill.

The statement has been repeatedly made that the bill is radical, and something new. It provides for issuing farm-land bonds bearing 1½-percent interest. It provides that the bonds shall not be sold for less than their face value. It provides that if they cannot be sold for their face value, the bonds shall be turned over to the Federal Reserve Board, and the Federal Reserve bank shall issue Federal Reserve currency to the face value of the bonds, backed by the bonds and also backed by first mortgages on the lands to be mortgaged, which are to be refinanced under the terms of the bill. In other words, the new money issued will be backed not only by the bonds but by first mortgages on the land that raises the food products to feed the Nation. Under the present law Federal Reserve notes are backed by Government bonds.

It has also been stated that the bill is inflationary. I desire to call attention to some figures which were submitted a short time ago to the Senate Committee on Agriculture and Forestry. They were compiled by Lewis B. Ward. He has a table in the little booklet he has prepared, showing the credit curtailment in the check-book credit accounts of the banks throughout the Nation by States. The total curtailment of bank credits from 1929 to 1934 was \$6,500,000,000. That was the curtailment or deflation of bank credits from 1929 to 1934. If the \$3,000,000,000 of new money that is provided for in this refinancing bill is all issued at one time, it will be less than 50 percent of the deflation which has taken place in the curtailment of our bank credits since 1929. In other words, it would be a reflation of less than 50 percent of the deflation since 1929.

Mr. President, I shall not now take more time to discuss the measure, but I desired to make that brief statement.

The PRESIDENT pro tempore. Objection having been made, the bill will be passed over.

## DEVELOPMENT OF MINERAL RESOURCES

The bill (S. 1476) to provide for unemployment relief through development of mineral resources; to assist the development of privately owned mineral claims; to provide for the development of emergency and deficiency minerals, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

Mr. POPE. Mr. President, if the Senator will withhold his objection, I wish to make a few remarks about the bill.

This is an important bill. It could not be considered this morning, of course; but some time ago it received the unanimous approval of the Committee on Mines and Mining. It is my desire at an early date to discuss the bill, and, at as early a date as possible, to move that it be taken up by the Senate.

The PRESIDENT pro tempore. The bill will be passed over.

## BILLS PASSED OVER

The bill (S. 476) relating to promotion of civil-service employees was announced as next in order.

Mr. MCKELLAR. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1952) extending the classified executive civil service of the United States was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2405) to provide for a special clerk and liaison officer was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 916) to carry into effect the decision of the Court of Claims in favor of claimants in French spoliation was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2583) establishing certain commodity divisions in the Department of Agriculture was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 379) to provide for the deportation of certain alien seamen, and for other purposes, was announced as next in order.

Mr. COPELAND. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

## TRADE IN ARMS, AMMUNITION, ETC.

The bill (S. 2998) to control the trade in arms, ammunition, and implements of war was announced as next in order.

Mr. KING. Is any member of the committee present?

Mr. JOHNSON. Mr. President, I think the subject matter of the bill has already been taken care of in a bill which was passed.

The PRESIDENT pro tempore. This bill ought to be indefinitely postponed.

Mr. JOHNSON. I think that is the appropriate course. Because the subject matter has been heretofore taken care of, I move that the bill be indefinitely postponed.

The PRESIDENT pro tempore. Without objection, it is so ordered.

## BILL PASSED OVER

The bill (S. 1632) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by water carriers operating in interstate and foreign commerce, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, it is obvious that under the limitation of debate prescribed under the rule, this important bill could not be considered at this time. Let it go over.

The PRESIDENT pro tempore. The bill will be passed over.

NATIONAL PLANNING BOARD

The bill (S. 2825) to provide for the establishment of a National Planning Board and the organization and functions thereof, was announced as next in order.

Mr. KING. Let that go over.

Mr. COPELAND. Mr. President, will the Senator withhold his objection for just a moment?

Mr. KING. Mr. President, the objection has been withheld several times, and the Senator has made eloquent speeches in behalf of the bill. However, I shall withhold my objection again.

Mr. COPELAND. I am very much obliged to the Senator, because, if I had any eloquence, I should use it right now.

If there is one bill on the calendar that ought to be passed, it is this one. Some branch of the Government ought to be looking forward to the conservation of all of our natural resources—water power, the prevention of soil erosion, forestation, mineral wealth, and so forth—and this proposal is to permit one of the worth-while emergency bodies to go forward.

Senators know that I have been opposed to most of these emergency operations, but here is one which I think has been of tremendous value to our country; and some agency of the Government ought to be at work all the time giving thought and study to the preservation of the natural resources of the country.

I wish the bill might be passed.

Mr. KING. I call for the regular order.

The PRESIDENT pro tempore. The regular order is called for, and the bill will be passed over.

BILLS PASSED OVER

The bill (S. 3072) to amend the Tariff Act of 1930, as amended, was announced as next in order.

Mr. COPELAND (and other Senators). Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

CHANGE OF NAME OF DEPARTMENT OF THE INTERIOR

The bill (S. 2665) to change the name of the Department of the Interior and to coordinate certain governmental functions was announced as next in order.

Mr. SMITH. Let that go over.

Mr. LEWIS. Mr. President, will the Senator indulge me 1 second? As to this particular bill, permit me to say that there is lying on the table another bill, the object of which is merely to change the name of the Department. I take the liberty of suggesting that that bill take the place of the bill now on the calendar, and then be left to take the ordinary course of measures on the general calendar.

I ask at this time merely the privilege of substituting on the calendar the bill providing only for the change of name in place of the pending bill, which has to do with other matters than the change of name.

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

Mr. LEWIS. I yield to the Senator from New York.

Mr. COPELAND. As I understand, the other bill to which the Senator refers provides merely for the change of name, and not for the transfer of various activities, as this bill does.

Mr. LEWIS. The Senator is quite correct. It provides for a mere designation. I ask to have it take the place of this bill on the regular calendar, for subsequent debate or consideration when it shall be reached.

Mr. SMITH. Let this bill go over.

Mr. KING. I call for the regular order.

The PRESIDENT pro tempore. The bill will be passed over.

BILLS PASSED OVER

The bill (S. 2969) to authorize the deportation of criminals, to guard against the separation from their families of

aliens of the noncriminal classes, to provide for legalizing the residence in the United States of certain classes of aliens, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1826) for the retirement of employees in the classified civil service to include employees in the legislative branch was announced as next in order.

Mr. VANDENBERG (and other Senators). Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid in national defense, and for other purposes, was announced as next in order.

Mr. VANDENBERG, Mr. COPELAND (and other Senators). Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3420) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by aircraft in interstate and foreign commerce, and for other purposes, was announced as next in order.

Mr. MCKELLAR. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3393) to create a Federal Board of Foreign Trade was announced as next in order.

Mr. VANDENBERG. Let that go over.

Mr. SHEPPARD. Mr. President, permit me to say that I have introduced another bill on this subject, and the latter bill is now under consideration by the Committee on Foreign Relations.

The PRESIDENT pro tempore. The bill will be passed over.

AMENDMENT OF GRAIN FUTURES ACT

The bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes, was announced as next in order.

Mr. KING. Let that go over.

Mr. SMITH. Mr. President, I should like to make a statement in reference to this bill.

There are now being prepared, and perhaps will be ready for consideration by the committee tomorrow, certain amendments to the Grain Futures Act pertaining to cotton. Therefore I ask that the bill go over, and I state that not later than Friday, at the outside, the amendments proposed will be perfected, and I hope we can then take the bill up and pass it.

The PRESIDENT pro tempore. On objection, the bill will be passed over.

BILLS PASSED OVER

The bill (S. 2003) to amend section 13 of the act of March 4, 1915, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea" was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3646) to repeal an act of March 3, 1933, entitled "An act to provide for the transfer of powder and other explosive materials from deteriorated and unserviceable ammunition under the control of the War Department to the Department of Agriculture for use in land clearing,

drainage, road building, and other agricultural purposes" was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 3604) to place William H. Clinton on the retired list of the Navy was announced as next in order.

Mr. KING. Over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3113) to provide a government for American Samoa was announced as next in order.

Mr. MCKELLAR. Mr. President, this appears to be an important matter, and I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### DISPOSITION OF COTTON

The joint resolution (S. J. Res. 205) providing for disposition of certain cotton held by the United States was announced as next in order.

Mr. SMITH. Mr. President, I ask that this joint resolution go over, because later, on the calendar, there is a measure on the same subject which has been reported by the committee and has been recommended by the Department of Agriculture—a measure which is very important. So I ask that this joint resolution go over, and I will ask that the other measure be considered when it is reached.

The PRESIDENT pro tempore. On objection, the joint resolution will be passed over.

#### FRANCIS GERRITY

The bill (S. 3627) for the relief of Francis Gerrity was announced as next in order and was read, as follows:

*Be it enacted, etc.*, That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Francis Gerrity shall be held and considered as having been honorably discharged from the military service of the United States as a private, Troop D, Fourth Regiment United States Cavalry, on December 16, 1901: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. MCKELLAR. Over.

Mr. SHEPPARD. Mr. President, will the Senator withhold the objection?

Mr. MCKELLAR. The Senator from Texas asks that the objection be withheld, and I withhold it a moment. However, I call the Senator's attention to the fact that this man was imprisoned by a civil court for pocket picking, and if he has been guilty of picking pockets, he should not be pensioned, it seems to me.

Mr. SHEPPARD. Mr. President, does the Senator never consider that a man may reform and lead an honest and upright life? Has the Senator ever advocated a pardon at the Department of Justice?

Mr. MCKELLAR. Oh, yes; frequently. I ask the Senator whether there is testimony in the record to the effect that this man has reformed?

Mr. SHEPPARD. It appears that he has.

Mr. MCKELLAR. Under those circumstances I will be glad to go into the matter, and allow the bill to be considered the next time the calendar is called, if the Senator desires to be heard.

Mr. SHEPPARD. Very well.

The PRESIDENT pro tempore. On objection, the bill will be passed over.

#### JESSIE S. POST

The bill (H. R. 3340) for the relief of Jessie S. Post was considered, ordered to a third reading, read the third time, and passed.

#### CHARLES E. WILSON

The Senate proceeded to consider the bill (S. 2041) for the relief of Charles E. Wilson, which was read, as follows:

*Be it enacted, etc.*, That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Charles E. Wilson, who was a member of Battery N, Fifth Regiment United States Artillery, shall hereafter be held and considered to have been honorably discharged from the military

service of the United States as a private of that organization on the 20th day of September 1899: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. KING. Mr. President, the report from the Secretary of War states that this man was discharged without honor, and the military record furnished by the Department shows that he served only about 5 months and 14 days, although he enlisted to serve for 3 years. It shows further that he was accepted by the authorities at the time of the enlistment while suffering from myopia. The record shows that he was discharged without honor on September 20, 1899, on the ground that he was affected with myopia and had a disease not incident to the line of duty. His record shows no combat service, but that he was in the service only a few months, being discharged on account of his physical condition. Let the bill go over.

Mr. SHEPPARD. Mr. President, I am sure the Senator from Utah would not object to having this man's record corrected. Certainly he should not have been discharged without honor on account of near-sightedness. He served in good faith, and he is certainly entitled to an honorable discharge, and that is all the bill provides for. The only thing against him was near-sightedness, and the Army accepted him knowing he had that defect.

Mr. KING. Is not the bill introduced for the purpose of enabling him to obtain a pension?

Mr. SHEPPARD. Not at all.

Mr. KING. Will that not be the result?

Mr. SHEPPARD. The Senator may offer an amendment that no benefits are to follow as a result of the enactment of the bill.

Mr. KING. If the Senator will present such an amendment, I will withdraw the objection.

Mr. SHEPPARD. Very well. I move to amend, on page 1, line 11, after the words "prior to", by inserting the words "or shall accrue subsequent to."

The amendment was agreed to.

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

#### BILLS PASSED OVER

The bill (S. 3659) to promote the efficiency of the Judge Advocate General's Department of the Army was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3726) to provide suitable rank for the Deputy Chief of Staff, United States Army, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### RECOMMITTAL OF BILL

The bill (H. R. 8588) to authorize the deposit and investment of Indian funds was announced as next in order.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent that this bill be recommitted to the Committee on Indian Affairs.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the bill is recommitted to the Committee on Indian Affairs.

#### BILL PASSED OVER

The bill (S. 3580) granting and confirming to the East Bay Municipal Utility District a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, certain lands, and for other purposes, was announced as next in order.

Mr. JOHNSON. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### MAJ. GEN. JOHNSON HAGOOD

The resolution (S. Res. 239) to investigate the circumstances attending the removal of Maj. Gen. Johnson Hagood

from command of the Eighth Army Corps Area was announced as next in order.

Mr. METCALF. Mr. President, I ask that the resolution be indefinitely postponed.

The PRESIDENT pro tempore. Without objection, the resolution is indefinitely postponed.

#### BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 70) for the relief of agriculture, the producers of livestock, and the producers of raw materials generally, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The joint resolution (H. J. Res. 179) authorizing the President to present in the name of Congress a Navy Cross to J. Harold Arnold was announced as next in order.

Mr. MCKELLAR. Let that go over.

The PRESIDENT pro tempore. The joint resolution will be passed over.

The bill (H. R. 9074) granting pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows and dependents of such soldiers and sailors was announced as next in order.

Mr. MCKELLAR. If the Senator in charge of this bill is not present, I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### RETIREMENT OF EMPLOYEES OF LEGISLATIVE BRANCH

The bill (H. R. 3044) to amend the act of May 29, 1930 (46 Stat. 349), for the retirement of employees in the classified civil service and in certain positions in the legislative branch of the Government to include all other employees in the legislative branch was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

Mr. COPELAND. Mr. President, I ask the Senator from Michigan to withhold his objection for a moment.

Mr. VANDENBERG. Certainly.

Mr. COPELAND. This bill was heretofore under consideration by the Senate, as I understand, and the Senate adopted an amendment to it. Am I correct about that?

The PRESIDENT pro tempore. The amendment has not been agreed to by the Senate. The parliamentary situation is that the committee recommended that all after the enacting clause be stricken out and a substitute adopted.

Mr. KING. But objection was made.

Mr. COPELAND. The objection has been withdrawn for a moment, as I understand.

Mr. VANDENBERG. Temporarily.

Mr. COPELAND. The proposal is that the employees of the legislative branch may have exactly the same privileges as those enjoyed by all other employees of the Government. There is a persistent mistaken idea that somehow or other we are proposing to do more for the persons employed in the legislative branch than is being done for other employees of the Government. As a matter of fact, all other employees of the Government, when they retire, receive \$30 a month as a contribution from the Government, plus contributions which they themselves make in addition to that, which are put out at interest. In that way they have the amount increased. I think it is eminently fair that those who for years have been in the legislative branch should have consideration, and should have this little stipend, which would amount to less than \$1,000 a year for one who has been here for 20 years. I hope the Senator from Michigan will not press his objection.

The PRESIDENT pro tempore. Is objection made?

Mr. VANDENBERG. I object.

The PRESIDENT pro tempore. On objection, the bill will be passed over.

#### BILLS PASSED OVER

The bill (H. R. 10104) to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational-area purposes, and to provide for the

transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof was announced as next in order.

Mr. ADAMS. Let that bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 4886) providing for the employment of skilled shorthand reporters in the executive branch of the Government was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDENT pro tempore. The bill will be passed over.

#### PHILIPPINE CURRENCY RESERVES

The bill (S. 3486) to repeal the act entitled "An act relating to Philippine currency reserves on deposit in United States" was announced as next in order.

Mr. ADAMS. Mr. President, the Senator from Maryland desires to be present when this bill is taken up, so I ask, in his absence, that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### BILL PASSED OVER

The bill (S. 3500) to develop a strong American merchant marine to promote the commerce of the United States, to aid national defense, and for other purposes, was announced as next in order.

Mr. COPELAND. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### LIQUIDATION OF LOANS TO COTTON PRODUCERS

The joint resolution (S. J. Res. 242) authorizing and directing the Commodity Credit Corporation to facilitate the liquidation of loans to cotton producers was announced as next in order.

Mr. KING. Let that joint resolution go over.

Mr. SMITH. Mr. President, I am sure the Senator from Utah does not understand the situation. The Government has about 4,000,000 bales of what is known as the 12-cent loan cotton. A process of liquidation has been inaugurated, and farmers can repossess themselves of this cotton under certain conditions. It has now become apparent that if this amount of cotton is put on the market it will seriously affect the incoming crop. So the Committee on Agriculture and Forestry reported favorably this joint resolution, which provides that only a certain amount of cotton may be sold up to September 1.

I have received a letter from the Secretary of Agriculture endorsing the limitation proposed and the regulation prescribed by the very simple joint resolution.

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

Mr. SMITH. I yield.

Mr. BARKLEY. Some weeks ago, when the committee favorably reported and the Senate passed the bill authorizing the increase of the capital stock of the Commodity Credit Corporation from \$3,000,000 to \$100,000,000 on the recommendation of the Reconstruction Finance Corporation, it was stated that that legislation would obviate the necessity for passing any additional legislation with respect to the disposition of the cotton in question.

Mr. SMITH. That is true, except as to the amount of cotton to be sold. If an unlimited amount of the cotton in question can be sold, the new crop coming in will suffer by virtue of that additional cotton placed upon the market. The Secretary of Agriculture in writing to me said in the last paragraph of his letter:

With the suggestions heretofore made, it is believed that Senate Joint Resolution 242 embodies a sound program for the orderly disposition of these stocks of cotton. Furthermore, as has been heretofore indicated, while authorization to adopt such a plan is inherent in general laws already enacted, it is the opinion of this Department that it would be desirable to obtain more definite and specific authorization from the Congress.

The bill does not affect the first matter at all. It has nothing to do with that except that the bill limits the amount of cotton which may be sold over certain markets;

not the current crop markets. Seven hundred and fifty thousand bales could be sold up to the first of September.

Mr. BARKLEY. It was represented that the increase in the capital stock of the Commodity Credit Corporation would enable the corporation to take care of the situation.

Mr. SMITH. The increase in capital stock was made to enable it to take care of the oversupply of cotton.

Mr. BARKLEY. The bill increasing the capital stock had relationship to the gradual placing on the market of the cotton held. Will this joint resolution interfere with that purpose?

Mr. SMITH. In no way whatever. As the Secretary of Agriculture indicated, the measure prescribes how much cotton may be sold up to the beginning of incoming new crop. That is all there is to it.

Mr. KING. Mr. President, I regret to have to differ from my dear friend from South Carolina, whose knowledge of the cotton situation is very much greater, of course, than mine.

Mr. SMITH. Mr. President, I cannot hear what the Senator is saying.

Mr. KING. I said that I regretted exceedingly to have to differ from my dear friend from South Carolina, whose knowledge of the cotton question exceeds by a great deal that which I possess. Some objection against the bill has been lodged with me. I shall have no objection if later on the Senator can secure consent to the bill being taken up.

Mr. SMITH. I am afraid my friend has this bill confused with another bill.

Mr. KING. No; Mr. President, I have not.

Mr. SMITH. What objection has the Senator to the bill?

Mr. KING. I insist on the objection, and ask for the regular order.

The PRESIDENT pro tempore. The regular order is called for. The bill will be passed over.

#### MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

The Senate proceeded to consider the bill (S. 4105) authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission, of Maryland, for park purposes, which had been reported from the Committee on Agriculture and Forestry, with amendments, on page 1, line 8, after the word "all", to insert "or such part or parts"; on the same page, line 9, after "land", to insert "as may now or hereafter be designated by the National Capital Park and Planning Commission"; and on page 5, line 9, before "purposes", to insert "parkway, or playground", so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of Agriculture be, and he is hereby, authorized and directed to convey by a good and sufficient deed to the Maryland-National Capital Park and Planning Commission, a public agency created by the General Assembly of Maryland, chapter 448 of the laws of the 1927 session of said assembly, all or such part or parts of the following pieces or parcels of land as may now or hereafter be designated by the National Capital Park and Planning Commission situate, lying, and being in Montgomery County, in the State of Maryland, being a part of a tract of land called Oatland, designated and described as follows: Beginning for the same at a point at the end of 631.62 feet measured on the last line of a conveyance made the 13th day of December 1855, by John Davidson and wife to James H. Davidson for 60 acres 1 rood and 23 square perches of land, more or less, a part of said tract, it being where said line is intersected by a line of fence running southward from said point and with the last line of the aforesaid conveyance north 87 1/4°, west 73.93 perches, to a large post and stone; thence with the first line of said conveyance with 3°35' allowance for west variation and running with the fence south 40.1°, west 71.32 perches; thence with the second line with 3 1/4° allowance for west variation, running with the fence south 77°, east 26 1/2 perches, to a stake; then north 3 1/2°, west 28 1/2 perches, to the division fence of the experimental station; thence with said fence south 87 1/4°, east 75.67 perches; then still with the line of fence north 3 1/2°, east 7.81 perches; thence to include a small piece of land running through a house and bisecting a pear tree south 87 1/4°, east 20.3 perches, to a stake in the first aforesaid line of fence running southward from the place of beginning; thence with said fence north 3°, west 26.15 perches, to the place of beginning, containing 20 acres of land, more or less, being all of the same land and premises described in and conveyed by deed from Henry Bradley Davidson and Mary S. P. Davidson to the United States of America, dated July 5, 1899, recorded July 7, 1899, among the land records for said Montgomery County in Liber T. D. No. 8, folio 429, and the following; also all that tract

or part of tract of land situate in said Montgomery County called Friendship, or by whatever name or names the same may be known, contained within the metes and bounds, courses, and distances following, to wit: Beginning for the same at a stone at the end of 1,432.67 feet on the twelfth line of a conveyance made the 10th day of February in the year 1863 by William Peters to Allison Naylor for parts of tracts of land called Pritchett's Purchase and Friendship, containing 161 acres, more or less, and running thence with the twelfth line of said conveyance south 2°3', west 642.2 feet, to a stake on the east side of the branch; still with the outlines of said conveyance south 29°, east 227.7 feet, to a point where formerly stood a bounded white oak tree marked for Batemans corner in the division line of the land of John Davidson and the land formerly owned by Charles King; then with said division line reversed south 35°32', west 1,419 feet, to the end of the seventeenth line of Friendship; then with said seventeenth line reversed north 23°25', west 1,538.12 feet, to a stake; then leaving the outlines and running across said conveyance north 66°35', east 1,469.58 feet, to the place of beginning, containing 34.09 acres of land; excepting, however, 4.09 acres of land heretofore conveyed by Elizabeth Jane Wilson and others to the Metropolitan Southern Railroad Co. on the 10th day of July in the year 1890 by deed of that date recorded among the land records of Montgomery County, Md., in Liber J. A. No. 19, folio 450, and the following, leaving the quantity of land hereby intended to be conveyed to contain 30 acres of land, more or less, being all of the same land described in and conveyed by deed from Elizabeth J. Wilson, Robert Wilson, and others to the United States of America, dated August 11, 1902, recorded December 18, 1902, among the land records for said Montgomery County in Liber T. D. No. 24, folio 224, and the following to be used exclusively for public-park, parkway, or playground purposes. If the said Maryland-National Capital Park and Planning Commission fails to use such lands for the purposes herein provided, or at any time discontinues the use of such lands for the purposes herein provided, or attempts to alienate such lands, title thereto shall revert to the United States of America.

The amendments were agreed to.

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

The title was amended so as to read: "A bill authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission, of Maryland, for park, parkway, and playground purposes."

#### ROSCOE M'KINLEY MEADOWS

The bill (S. 3715) for the relief of Roscoe McKinley Meadows was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That in the administration of the Emergency Officers' Retirement Act of May 24, 1928, Roscoe McKinley Meadows shall be held and considered to have served as an officer of the Navy of the United States during the World War other than as an officer of the Regular Navy.

#### MRS. E. L. BABCOCK

The bill (H. R. 2119) for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor, was announced as next in order.

Mr. ROBINSON. Mr. President, will the Senator from Nebraska [Mr. BURKE], who reported this bill, explain its provisions? Apparently there is an adverse report by the War Department. I think the bill had better go over, and I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. ROBINSON subsequently said: Mr. President, having just come from a conference into the Senate Chamber, I was informed that the calendar number under consideration a moment ago was 1856. I have no objection to the consideration of Calendar No. 1840, being House bill 2119. The claim involves only \$58. I have no objection to its consideration.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 2119) for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor, was considered, ordered to a third reading, read the third time, and passed.

#### BILL PASSED OVER

The bill (H. R. 5867) for the relief of E. C. Willis, father of the late Charles R. Willis, a minor, was announced as next in order.

Mr. MCKELLAR. Mr. President, that is a bill which the Department opposes, and I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

JOSEPH J. BAYLIN

The bill (H. R. 8089) for the relief of Joseph J. Baylin was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 6719) to amend the Canal Zone Code was announced as next in order.

Mr. WHITE. I ask that the bill be passed over.

Mr. ROBINSON. Mr. President, this is an important bill. If it is to be considered, there should be some discussion of the bill.

Mr. COUZENS. The Senator from Maine [Mr. WHITE] asked that the bill be passed over.

Mr. DUFFY. In the absence of the Senator from Oklahoma [Mr. GORE] I have been asked to look after this and other bills which have been favorably reported from the Committee on Interoceanic Canals. There will be some discussion of the bill. I do not think we can take it up under the 5-minute rule. However, at the first opportunity I shall attempt to bring it before the Senate for discussion.

The PRESIDENT pro tempore. The bill will be passed over.

THOMAS MARINE RAILWAY CO., INC.

The Senate proceeded to consider the bill (H. R. 4148) for the relief of the Thomas Marine Railway Co., Inc., which had been reported from the Committee on Claims with an amendment, on page 1, after "United States", to strike out "Lighthouse Service" and to insert in lieu thereof "Quartermaster Corps", so as to make the bill read:

*Be it enacted, etc.* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Thomas Marine Railway Co., Inc., the sum of \$974, such sum being in full settlement of all claims against the Government. The said Thomas Marine Railway Co., Inc., sustained damages to the extent of \$974 due to negligent handling of the United States Quartermaster Corps tug *Spring Carroll* by United States Coast Guard patrol boats CG-232 and CG-196 on April 22, 1932, at Morehead City, N. C., while in possession of the Thomas Marine Railway Co., Inc., enroute Fort Moultrie, S. C. to Norfolk, Va., for repairs: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILLS PASSED OVER

The bill (S. 2609) for the relief of Charles G. Johnson, State treasurer of the State of California was announced as next in order.

Mr. JOHNSON. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 8039) for the relief of John B. Meisinger and Nannie B. Meisinger was announced as next in order.

Mr. MCKELLAR. Mr. President, may we have an explanation of that bill? The Senator in charge of the bill does not seem to be present in the Chamber at the moment, and I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

JOHN L. SUMMERS AND OTHERS

The bill (S. 3075) for the relief of John L. Summers, former disbursing clerk, Treasury Department, and various former Treasurers of the United States was announced as next in order.

Mr. MCKELLAR. Mr. President, may we have an explanation of that bill?

Mr. TOWNSEND. Mr. President, the bill was introduced by the senior Senator from North Carolina [Mr. BAILEY] for the relief of John L. Summers, former disbursing clerk, Treasury Department, and Frank White, G. F. Allen, H. T. Tate, and W. O. Woods, former Treasurers of the United States. This measure was introduced at the request of the Treasury Department, and it has been the custom, as I understand, to take care of similar matters in the way proposed by this bill.

Mr. MCKELLAR. Mr. President, the sum involved is considerable.

Mr. TOWNSEND. Yes.

Mr. MCKELLAR. What is the explanation of the need for the bill?

Mr. TOWNSEND. The accounts of John L. Summers show disallowances under various Treasury appropriations from December 10, 1925, to December 9, 1929, of \$3,346.62, and from December 10, 1929, to December 9, 1933, of \$90,615.45. Of this total, \$86,440 represents an amount paid by him to the Consolidated Engineering Co. in connection with additional work on the Department of Commerce Building due to changes in plans and specifications. This payment was ratified by departmental action. The matter was referred to the Attorney General, who refused to prosecute because of ratification of payment by the Secretary of the Treasury. There is no evidence of any fault or negligence on the part of Summers in making payments covered by these disallowances over an 8-year period.

Mr. ROBINSON. Mr. President, may I ask, what is the recommendation and the report of the Treasury Department on the bill?

Mr. TOWNSEND. The Treasury Department requested the Senator from North Carolina [Mr. BAILEY] to introduce the bill.

Mr. MCKELLAR. In other words, the Treasury says that these various Treasurers paid out sums wrongfully, for which they are being held, and the bill is to adjust the accounts so as to relieve the former Treasurers for their wrongful payments?

Mr. TOWNSEND. That is correct.

Mr. MCKELLAR. That is the substance of the bill?

Mr. TOWNSEND. Yes.

Mr. MCKELLAR. Have the various individuals named in the bill actually paid out the money?

Mr. TOWNSEND. Yes.

Mr. MCKELLAR. Did the Committee on Claims go into the facts and ascertain whether they properly paid it?

Mr. TOWNSEND. I did not go into the question as carefully as I would have done had the Secretary of the Treasury not recommended the bill.

Mr. MCKELLAR. The sums involved are very large. Suppose the Senator lets the bill go over until another call of the calendar, and I shall be glad to look into the matter.

Mr. TOWNSEND. Very well.

The PRESIDENT pro tempore. The bill will be passed over.

TOM ROGERS AND OTHERS

The Senate proceeded to consider the bill (H. R. 8262) for the relief of Tom Rogers, which had been reported from the Committee on Claims with an amendment to the title.

Mr. ROBINSON. Mr. President, I suggest that the Senator who reported the bill, or some Senator who is familiar with it, explain the measure.

Mr. GEORGE. Mr. President, I will be glad to make an explanation of the bill. Tom Rogers and the other persons named in this bill were employed under the Department of Agriculture on Blackbeard Island on biological-survey work. They were en route from the Georgia coast to Blackbeard Island, which lies off the coast, when they were shipwrecked, and some five of them were drowned. Tom Rogers was severely injured as a result of exposure for some 2 days before his final rescue.

Originally bills were introduced for each separate claimant, but by amendment they were consolidated, and, as will

be observed, there is an appropriation made by the House bill of \$1,000 to Tom Rogers and then \$2,000 to the heirs of W. A. Bell, who was foreman of the particular job, and who was transporting these men across the sound from the mainland to the island daily or at stated periods to carry on the work. Appropriations are also provided for the heirs of the other victims.

The bill is recommended by Secretary Wallace, who expresses rather strongly the conviction that the payment should be made to the heirs of the five drowned employees or workmen.

Mr. MCKELLAR. Mr. President, I have no objection to the bill.

The PRESIDENT pro tempore. If there be no objection, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Tom Rogers the sum of \$1,000; to the heirs of W. A. Bell the sum of \$2,000; to the heirs of Israel Walker the sum of \$1,000; to the heirs of Henry Shaw the sum of \$1,000; to the heirs of Thomas Bailey the sum of \$1,000; and to the heirs of Joseph Watson the sum of \$1,000; in all, \$7,000, in full settlement of all their claims against the United States for injuries sustained by said Tom Rogers, and for the death by drowning of said W. A. Bell, Israel Walker, Henry Shaw, Thomas Bailey, and Joseph Watson, as a result of being shipwrecked on October 21, 1934, while en route to Blackbeard Island, Ga., to take up their duties as employees of the Bureau of Biological Survey, United States Department of Agriculture: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The title was amended so as to read: "An act for the relief of Tom Rogers, and the heirs of W. A. Bell, Israel Walker, Henry Shaw, Thomas Bailey, and Joseph Watson."

#### ONE HUNDREDTH ANNIVERSARY OF INDEPENDENCE OF TEXAS

The Senate proceeded to consider the bill (S. 3721) to provide for a change in the design of the 50-cent pieces authorized to be coined in commemoration of the one hundredth anniversary of the independence of the State of Texas, which had been reported from the Committee on Banking and Currency with an amendment to strike out all after the enacting clause and insert:

That for the purpose of carrying out the provisions of the act entitled "An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century", approved June 15, 1933, the Director of the Mint, with the approval of the Secretary of the Treasury, is authorized and directed to provide for the coinage of not to exceed 1,000,000 silver 50-cent pieces of standard size, weight, and composition and of a special appropriate single design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be put to the expense of making the necessary dies and other preparations for this coinage. The coins herein authorized shall be issued only to the American Legion Texas Centennial Committee of Austin, Tex.

Sec. 2. For the purpose of carrying out 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 Director of the Mint, with the approval of the Secretary of the Treasury, is authorized and directed to provide for the coinage of not to exceed 400,000 silver 50-cent pieces of standard size, weight, and composition, and of a special appropriate single design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be put to the expense of making the necessary dies and other preparations for this coinage. The coins herein authorized shall be issued only to the Arkansas Honorary Centennial Celebration Commission or its duly authorized agent.

Sec. 3. 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 coined at one of the mints of the United States to be designated by the Director of the Mint. Not less than 5,000 such coins shall be issued at any one time and no such coins shall be coined or issued after the expiration of 1 year after the date of the enactment of this act. Such coins may be disposed of at par or at a premium by the organizations to which they are issued, and the net proceeds shall be used by them in defraying the expenses incidental and appropriate to the commemoration of such events.

Sec. 4. 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 amendment was agreed to.

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

The title was amended so as to read: "A bill to authorize additional coinage in commemoration of the one hundredth anniversary of the independence of the State of Texas and the one hundredth anniversary of the admission of the State of Arkansas into the Union."

#### BILLS PASSED OVER

The bill (S. 3143) for the relief of the Passaic Valley Sewerage Commission was announced as next in order.

Mr. KING. Mr. President, I should like to have an explanation of the bill. As the author of the bill is not present, I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3373) to credit the tribal funds of the Indians of the Fort Belknap Indian Reservation in Montana with certain sums expended therefrom for the purchase and maintenance of a tribal herd, and for the purchase of horses destroyed during a dourine epidemic was announced as next in order.

Mr. MCKELLAR. Mr. President, I should like to have an explanation of the bill, and will ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### HOLY CROSS MISSION HOSPITAL

The bill (H. R. 2467) for the relief of Holy Cross Mission Hospital, was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the Comptroller General of the United States be, and he is hereby, authorized and directed to pay, out of the Alaska Railroad special fund (U. S. C., title 48, sec. 308), the sum of \$50 to the Holy Cross Mission Hospital, of Holy Cross, Alaska, for hospital services rendered to Jack Mort for injuries and illness incurred while removing mail from the Alaska Railroad steamer *Nenana*, in full payment of all claims against the United States for such services: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

#### BILL PASSED OVER

The bill (H. R. 3914) for the relief of Oscar Gustof Bergstrom was announced as next in order.

Mr. KING. Mr. President, Mr. McCarl, Comptroller General of the United States, says in regard to this bill:

I am constrained to recommend most urgently that favorable consideration be not given to the bill.

Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### R. D. STEPHENS AND VERA STEPHENS

The Senate proceeded to consider the bill (S. 3808) for the relief of R. D. Stephens and Vera Stephens, which had been reported from the Committee on Claims with amendments.

Mr. MCKELLAR. Mr. President, may we have an explanation of the bill?

Mr. DUFFY. Mr. President, this bill was held up at my own request the last time the calendar was considered, because the committee arbitrarily reduced the amount of damages that a jury in the Federal court in the western district of Wisconsin had allowed these claimants. There was no question about the claim. The investigation showed that there was clear negligence on the part of the Government employee. I talked to some members of the committee, and though there did not seem to be any good reason why the committee reduced the amount which the jury had awarded, yet I thought perhaps it would save time and get something for these claimants to let the bill go through as recommended by the committee.

Mr. MCKELLAR. How did the case get in the district court?

Mr. DUFFY. In order to determine the amount of damages, the claimants sued the driver, who was financially irresponsible, and the jury in the Federal court determined the amount of damages the claimants suffered.

Mr. MCKELLAR. The Senator is willing that the amount as reported by the committee be accepted at this time?

Mr. DUFFY. I objected the other day because I could not see any good reason why the amount was cut down, but since then, upon consideration, I have thought that I would be willing to let the bill go through carrying the amount the committee fixed.

Mr. MCKELLAR. Very well.

The PRESIDENT pro tempore. If there be no objection to the consideration of the bill, the amendments reported by the committee will be stated.

The amendments reported by the Committee on Claims were, on page 1, line 5, after the word "Treasury", to strike out "not otherwise appropriated" and insert "allocated by the President for the maintenance and operation of the Civilian Conservation Corps"; on the same page, line 8, after the words "sum of", to strike out "\$2,250" and insert "\$1,000"; on the same page, line 9, after the words "sum of", to strike out "\$5,000" and insert "\$3,000"; and on page 2, at the beginning of line 5, to strike out "1935" and insert "1934", so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, to R. D. Stephens, of Paxton, Ill., the sum of \$1,000, and to Vera Stephens, wife of said R. D. Stephens, the sum of \$3,000, such sums being in full satisfaction of their claims against the United States for damages arising out of property damage and personal injuries sustained by them when the automobile in which they were riding was struck by a Civilian Conservation Corps truck driven by Joseph L. Kindral near Virgin Lake, in Oneida County, Wis., on January 2, 1934: *Provided*, That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claims. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amounts appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claims, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

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

#### FILING OF SUITS BY WORLD WAR VETERANS

The Senate proceeded to consider the joint resolution (S. J. Res. 200) to extend the period of suspension of the limitation governing the filing of suit under section 19, World War Veterans' Act, 1924, as amended, which had been reported from the Committee on Finance with amendments.

Mr. ROBINSON. Mr. President, I observe that this joint resolution was reported by the Senator from Georgia [Mr. GEORGE]. I ask him to explain the joint resolution.

Mr. GEORGE. Mr. President, the author of the measure is the senior Senator from Alabama [Mr. BLACK], who, I am sure, will be glad to explain it.

Mr. BLACK. Mr. President, this is a joint resolution which, if enacted, would prevent the Government from setting up the statute of limitations with reference to certain insurance claims of veterans. It is made necessary by reason of the fact that the rules and regulations adopted by the bureau, and which the bureau claims are necessary because of the law make it practically impossible and have made it practically impossible for veterans to sue on their claims without being successfully prevented from recovery by the statute of limitations. If a claim had been filed by a veteran, for instance, from the State of California, and that claim was passed upon 2 days before the expiration of the last day for passing upon the claim, it was necessary for the veteran to file a suit in the courts of California within 2 days of the time the claim was denied in the city of Washington. Hundreds of veterans have been prevented from having a trial on the merits of their policies by reason of this unjust statute of limitations.

This joint resolution is intended to give a veteran the right to file a suit within 90 days instead of requiring the impossible task of filing it within 1 or 2 days after the claim is denied in the city of Washington.

Mr. ROBINSON. Mr. President, will the Senator yield? Mr. BLACK. I yield to the Senator.

Mr. ROBINSON. In view of the statement made by the Senator from Alabama, and the explanation he has given, I have no objection to the consideration of the joint resolution.

The PRESIDENT pro tempore. If there be no objection to the consideration of the bill, the amendments reported by the Committee on Finance will be stated.

The amendments of the Committee on Finance were, on page 1, line 8, after the word "date", to insert "of the mailing of notice"; on the same page, line 9, after the word "suit", to strike out "as herein provided"; and, on page 2, line 13, after the word "record", to insert "Provided further, That the term 'denial of the claim' means the denial of the claim after consideration of its merit", so as to make the joint resolution read:

*Resolved, etc.*, That in addition to the suspension of the limitation for the period elapsing between the filing in the Veterans' Administration of the claim under a contract of insurance and the denial thereof by the Administrator of Veterans' Affairs or someone acting in his name, the claimant shall have 90 days from the date of the mailing of notice of such denial within which to file suit. This resolution is made effective as of July 3, 1930, and shall apply to all suits now pending against the United States under the provisions of section 19, World War Veterans' Act, 1924, as amended; and any suit which has been dismissed solely on the ground that the period for filing suit has elapsed but wherein the extension of the period for filing suit as prescribed herein would have permitted such suit to have been heard and determined may be reinstated within 90 days from the date of enactment of this resolution: *Provided*, That on and after the date of enactment of this resolution notice of denial of the claim under a contract of insurance by the Administrator of Veterans' Affairs or someone acting in his name shall be by registered mail directed to the claimant's last address of record: *Provided further*, That the term "denial of the claim" means the denial of the claim after consideration of its merits.

The amendments were agreed to.

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

#### BILL PASSED OVER

The bill (S. 3879) for the relief of James W. Grist was announced as next in order.

Mr. KING. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### D. E. WOODWARD AND MRS. MURRAY A. HINTZ

The Senate proceeded to consider the bill (S. 2114) for the relief of D. E. Woodward and Mrs. Murray A. Hintz, which had been reported from the Committee on Claims with amendments.

Mr. MCKELLAR. Mr. President may we have an explanation of the bill by the Senator from Alabama?

Mr. BLACK. Mr. President, I shall be glad to explain these bills.

Mr. MCKELLAR. There seem to be several of the same nature.

Mr. BLACK. The clerk has evidently reported the bill embodying the two claims and not the individual bills, one for each claimant. It will be necessary, if the Senate concludes to pass favorably upon the report of the committee, to postpone indefinitely the two individual bills.

This bill was introduced by the Senator from New Mexico [Mr. HATCH]. It was brought about by reason of the injury of Mr. D. E. Woodward and Mrs. Murray A. Hintz in the State of New Mexico. Their injury resulted from the collision of an automobile in which they were riding with a C. C. C. truck. There can be no question from the facts of the case as to the negligence of the driver of the truck. It was not properly lighted so as to have a clear light at night. As a result the driver of the automobile in which Mrs. Hintz and Mr. Woodward were riding collided with the rear end of the truck, which, as I recall, had some iron pipes projecting from the rear.

Mr. MCKELLAR. Were there any lights on the rear of the truck or any lights or flags on the pipes that extended from the rear?

Mr. BLACK. There are two of these cases, and I will have to look up to see which is which, but I will explain the bill to the Senator. In one of them the pipes were projecting out about 35 feet. It was unquestionably negligence to have the pipes projecting without having a light at the end of the pipes. In the other case there was a light on the truck, but it was completely obscured by reason of certain oil barrels on the truck. The undisputed evidence shows that the light was obscured.

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

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

Mr. KING. The report submitted by Mr. Tugwell, Acting Secretary, states:

All official reports show that Otero was partially under the influence of liquor—

Mr. BLACK. That report refers to the next bill.

Mr. KING. Oh (reading):

Which is corroborated by the testimony of several witnesses. It is evident that he failed to see the truck on which rear lights and reflector were visible, or that he did not exercise proper care to avoid striking it.

Mr. BLACK. That is the next bill. The administrator recommended that the claimant be paid \$255 instead of \$5,000, and the committee made a favorable report for \$255. With reference to the driver of the other truck, there was some question as to whether he was drinking. However, this recovery is not for the driver of the truck, but for two passengers, one being the wife of the driver.

Mr. KING. The wife of the man who was drinking?

Mr. BLACK. Yes. From my investigation of the facts I am convinced that the injury was not due to the fact that the man had had a drink, but was due to the fact that on a dark night, when it was raining, the truck, which was partly diagonally across the road, did not have proper lights upon it. It would seem to me the driver did an excellent job in endeavoring to escape danger after the situation was discovered. The injuries were very serious to both persons.

Mr. KING. What did the committee recommend?

Mr. BLACK. The committee in one case recommended \$3,500 and in the other case \$5,000.

Mr. MCKELLAR. Were the two injured parties in the truck or in the automobile which collided with the truck?

Mr. BLACK. In the automobile which collided with the truck. Suppose I make a statement as to the injuries? In the Otero case, where \$255 is allowed, the injury was the result of his own fault, perhaps, and but for the recommendation of the Department we might have been inclined not to pay anything. The injuries to Mrs. Hintz were reported as follows:

Mrs. Hintz suffered severe lacerations of the face and head. She had probably had a concussion of the brain and fracture of the skull because her mind was still somewhat cloudy and her vision very much impaired. The vision of her eyes did not clear up completely during the entire time she was under my care. She had a bad fracture of the metatarsal bones of the right foot with considerable displacement. She had also a fracture of the thumb on her left hand. Due to the displacement of the metatarsal bones, Mrs. Hintz was not and probably never will be able to walk without considerable difficulty.

We recommended \$5,000 for her.

Mr. MCKELLAR. She was simply a passenger in the car?

Mr. BLACK. She was.

Mr. MCKELLAR. Was she the wife of the driver of the car?

Mr. BLACK. Yes.

Mr. MCKELLAR. On that statement of the facts I see no reason why the allowance should not be made.

Mr. BLACK. Mr. Woodward was only a passenger. Certainly even if there was any negligence which could be attributed to the driver, no negligence could be attributed to Mr. Woodward, and the \$3,500 allowed is a very moderate allowance for the injuries he received.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The amendments of the Committee on Claims were, on page 1, line 4, after the word "Treasury", to strike out the words "not otherwise appropriated, the sum of \$5,000" and insert in lieu thereof the words "allocated by the President for the maintenance and operation of the Civilian Conservation Corps, the sum of \$3,500"; and in line 8, to strike out the numerals "\$10,000" and insert in lieu thereof "\$5,000"; and at the end of the bill to insert a proviso, so as to make the bill read:

*Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, the sum of \$3,500 to D. E. Woodward, and the sum of \$5,000 to Mrs. Murray A. Hintz, both of Raton, N. Mex., in full satisfaction of their claims against the United States for damages for personal injuries sustained by them on a State highway near Santa Fe, N. Mex., on September 23, 1934, when the car in which they were riding struck a Government truck attached to the Civilian Conservation Corps camp located in the vicinity of Santa Fe, N. Mex., such truck having been improperly parked on the highway: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.*

The amendments were agreed to.

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

Mr. BLACK. In view of the passage of the joint bill I ask that Order of Business 2038 and Order of Business 2039, being, respectively, the bill (H. R. 6163) for the relief of Mrs. Murray A. Hintz, and the bill (H. R. 6258) for the relief of D. E. Woodward be indefinitely postponed.

The PRESIDENT pro tempore. Without objection, the two bills will be indefinitely postponed.

Mr. BLACK subsequently said: Mr. President, the House has passed House bill 6163, which is Calendar No. 2038, and House bill 6258, which is Calendar No. 2039. In order that we may act upon the House bills, I ask that the action of the Senate in passing Calendar No. 2034, Senate bill 2114, may be reconsidered.

Mr. MCKELLAR. I think that is the proper way to deal with the matter. Then we can pass the other two individual bills, and that will not require the measure to go to the House.

The PRESIDING OFFICER. Without objection, the request to reconsider is agreed to.

Mr. BLACK. Now I ask that Senate bill 2114 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, the bill is indefinitely postponed.

Mr. BLACK. Now I ask that the action of the Senate in indefinitely postponing House bills 6163 and 6258 may be reconsidered.

The PRESIDING OFFICER. Without objection, that order will be entered.

Mr. BLACK. Now I ask for the consideration and passage by the Senate of the two House bills as proposed to be amended by the Senate committee.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 6163) for the relief of Mrs. Murray A. Hintz, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the word "Treasury", to strike out "not otherwise appropriated" and insert "allocated by the President for the maintenance and operation of the Civilian Conservation Corps", so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any moneys in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, to Mrs. Murray A. Hintz, of Raton, N. Mex., the sum of \$5,000. Such sum shall be in full settlement of all claims against the United States on account of damages sustained by the said Mrs. Murray A. Hintz when she was injured in an automobile collision with a United States owned truck near Santa Fe, N. Mex., on September 23, 1934: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The Senate proceeded to consider the bill (H. R. 6258) for the relief of D. E. Woodward, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the word "Treasury", to strike out "not otherwise appropriated" and insert "allocated by the President for the maintenance and operation of the Civilian Conservation Corps", so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any moneys in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, to D. E. Woodward the sum of \$3,500. Such sum shall be in full settlement of all claims against the United States on account of damages sustained by the said D. E. Woodward when he was injured in an automobile collision with a United States owned truck near Santa Fe, N. Mex., on September 23, 1934: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MANUEL D. A. OTERO, ADMINISTRATOR

The Senate proceeded to consider the bill (S. 2576) for the relief of Manuel D. A. Otero, as administrator of the estate of Teresita S. Otero, deceased, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the word "Treasury", to strike out the words "not otherwise appropriated, the sum of \$15,000" and insert in lieu thereof the words "allocated by the President for the maintenance and operation of the Civilian Conservation

Corps, the sum of \$255.44"; and at the end of the bill to insert a proviso, so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Manuel D. A. Otero, as administrator of the estate of Teresita S. Otero, deceased, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, the sum of \$255.44. Such sum shall be in full settlement of all claims against the United States on account of the death of the said Teresita S. Otero, resulting from personal injuries received on the 16th day of January 1935, on United States Highway No. 60, between Willard and Mountainair, N. Mex., while riding in an automobile which collided with an improperly parked Government truck, attached to Civilian Conservation Corps Camp F-35-N, located about 3 miles southwest from Manzano, in Torrance County, N. Mex.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

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

#### MEDICAL ADMINISTRATIVE CORPS

The Senate proceeded to consider the bill (S. 4390) to amend the National Defense Act relating to the Medical Administrative Corps, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and to insert in lieu thereof the following:

That the third sentence of section 24e of the National Defense Act, as amended by the act of June 4, 1920 (41 Stat. 759, 774), is hereby amended by striking out that portion relating to the qualifications for appointment in the Medical Administrative Corps, which reads, "enlisted men of the Medical Department between the ages of 21 and 32 years, who have had at least 2 years' service", and substituting therefor the following: "pharmacists between the ages of 21 and 32 years who are graduates of recognized schools or colleges of pharmacy requiring 4 years of instruction for graduation, under such regulations and after such examination as the Secretary of War shall prescribe: *And provided further*, That the number of such pharmacists in the Medical Administrative Corps shall not exceed 16."

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. SHEPPARD. Mr. President, at present those performing the duties of pharmacists in the Medical Administrative Corps are taken from among the enlisted men in the Medical Corps, and they have at first no special knowledge or technical qualifications to fit them for the work. The bill requires that before men shall hereafter be appointed to the position of pharmacist they must be graduates of recognized schools or colleges of pharmacy having 4-year courses. The bill adds nothing to the cost of administration but merely provides that as vacancies occur in the positions of pharmacists in the Medical Corps they shall be filled by men specially qualified as I have indicated. This will give the Army a group of pharmacists with thorough technical training and attainment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

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

#### HOWARD HEFNER

The Senate proceeded to consider the bill (S. 3671) for the relief of Howard Hefner, which had been reported from the Committee on Claims with an amendment to insert a proviso at the end of the bill, so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Howard Hefner the sum of \$5,000 in full settlement of all damages sustained by him as the result of permanent personal injuries inflicted upon him when, on May 26, 1935, the car which he, Howard Hefner, was driving on State Highway No. 11 was struck by a United States Forestry truck driven by one Grady Helton at a point on said highway about 1 mile north of Cleveland, Ga., and near a place

known as "Skeet's Place" on a deep curve on said highway, the said Howard Hefner being on his side of the road when the accident occurred: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. GEORGE. Mr. President, this bill was introduced by my colleague the junior Senator from Georgia [Mr. RUSSELL], who is absent on an official mission. I promised my colleague I would bring it to the attention of the Senate.

I find an adverse report from the War Department. The facts are gone into rather fully by the committee, and the evidence submitted in support of the bill is sharply conflicting on the question of negligence.

A truck in the Forestry Service was being driven along a Georgia highway, the truck having been assigned to a C. C. C. camp, when the claimant, who was riding in the opposite direction on the same highway, collided with the truck, or the truck collided with his car, and the injury which he suffered was sustained.

The War Department takes the position that an immediate investigation—that is, an investigation following immediately the accident—disclosed that the claimant himself was at fault, in that, coming around a curve, he ran into the side or rear wheel of the truck. The evidence submitted in opposition to that view shows that the claimant was on his own side of the road and had observed the rules of the road and the law of the road, and that the negligence and fault were on the part of the driver of the Forestry Service truck assigned to the C. C. C. camp, as I have already stated.

Mr. MCKELLAR. Mr. President, may I ask the Senator from Georgia the extent of the injuries?

Mr. GEORGE. The injuries were most severe. I think there is no question of the amount carried in the bill being only adequate damages if there was negligence on the part of the Government or on the part of the driver of the C. C. C. truck. My colleague is very familiar with this particular matter. I think he has some very intimate knowledge of the facts of the case.

Mr. MCKELLAR. I see a large number of affidavits were submitted. Do they set forth the negligence of the driver of the truck?

Mr. GEORGE. The evidence sustained the case on the part of the claimant. The Department in making its immediate investigation said that its finding should be against the claimant because there was no negligence on the part of the Government.

Mr. MCKELLAR. I have no objection to the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

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

#### EMMA GOMEZ

The Senate proceeded to consider the bill (S. 2575) for the relief of Emma Gomez, which had been reported from the Committee on Claims with amendments, on page 1, line 5, after the word "Treasury", to strike out the words "not otherwise appropriated" and insert in lieu thereof the words "allocated by the President for the maintenance and operation of the Civilian Conservation Corps"; in line 7, to strike out "\$5,311.70" and insert "\$500"; and, at the end of the bill, to insert a proviso, so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Emma Gomez, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, the sum of \$500. Such sum shall be in full settlement of all claims against the United States on account of damages for personal injuries sustained by the said Emma Gomez on the 16th day of January 1935, on United States Highway No. 60, between Willard and Mountainair, N. Mex., while riding in an automobile which collided with an improperly parked Government truck, attached to Civilian Conservation Corps Camp F-35-N, located about 3 miles southwest from Manzano, in Torrance County, N. Mex.: *Provided*,

That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

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

#### FORT FREDERICA NATIONAL MONUMENT

Mr. GEORGE. Mr. President, I ask unanimous consent to refer to Calendar No. 2079, House bill 8431, and I ask for its immediate consideration. This bill has not been reached on the calendar; but engagements in the Finance Committee and other official engagements make it necessary for me to leave the Chamber at this time.

I may say that the bill merely provides for the establishment of the Fort Frederica National Monument on St. Simon Island, Ga. It does not provide for any appropriation. The bill is amended as suggested by the Secretary of the Interior and is recommended by the Secretary of the Interior. It is in the usual form of bills establishing national monuments.

The bill authorizes the Secretary of the Interior to accept lands and property, of course, and to maintain a museum. It authorizes subsequent purchases of lands within the monument, but makes no appropriation; and such purchases, if made at all, would have to be made out of moneys subsequently appropriated to the Secretary.

The PRESIDING OFFICER (Mr. McGILL in the chair). Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill H. R. 8431, which had been reported from the Committee on Public Lands and Surveys with an amendment, in section 1, page 1, line 8, after the word "area", to insert "not to exceed 80 acres", so as to make the section read:

*Be it enacted, etc.*, That when title to the site of Fort Frederica, on St. Simon Island, Ga., and such other related sites located thereon, as may be designated by the Secretary of the Interior, in the exercise of his discretion, as necessary or desirable for national-monument purposes, shall have been vested in the United States, said area, not to exceed 80 acres, shall be, and is hereby, set apart as a national monument for the benefit and inspiration of the people, and shall be called the "Fort Frederica National Monument."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### OLIVER FAULKNER

The bill (H. R. 8506) for the relief of Oliver Faulkner was considered, ordered to a third reading, read the third time, and passed.

#### CLAUDE CURTEMAN

The Senate proceeded to consider the bill (H. R. 8705) for the relief of Claude Curteman, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the word "Treasury", to strike out "not otherwise appropriated" and insert "allocated by the President for the maintenance and operation of the Civilian Conservation Corps", so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, to Claude Curteman, of the city of Ontario, Calif., the sum of \$1,876 in full settlement of all claims against the Government of the United States for all injuries sustained by him on April 1, 1934, when an automobile in which he was riding was in collision with a United States Government truck being carelessly and negligently operated by a member of the Civilian Conservation Corps: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (H. R. 9170) for the relief of Montie Hermanson was announced as next in order.

Mr. MCKELLAR. Mr. President, may we have an explanation of that bill? If not, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

FRANK CORDOVA

The bill (H. R. 9370) for the relief of Frank Cordova was considered, ordered to a third reading, read the third time, and passed.

H. L. & J. B. M'QUEEN, INC., AND JOHN L. SUMMERS

The bill (H. R. 9373) for the relief of H. L. & J. B. McQueen, Inc., and John L. Summers, former disbursing clerk, Treasury Department, was considered, ordered to a third reading, read the third time, and passed.

ROBERT J. MANN

The bill (H. R. 9455) for the relief of Robert J. Mann was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 11052) for the relief of Joseph M. Purrington was announced as next in order.

Mr. MCKELLAR. May we have an explanation of that bill? In the absence of an explanation, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

H. R. HEINICKE, INC.

The bill (H. R. 11346) for the relief of H. R. Heinicke, Inc., was considered, ordered to a third reading, read the third time, and passed.

R. R. PURCELL

The Senate proceeded to consider the bill (S. 949) for the relief of R. R. Purcell, which had been reported from the Committee on Claims with an amendment, on page 1, line 3, after the words "That the", to strike out "Administrator of Veterans' Affairs" and insert "Secretary of the Treasury", so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay to R. R. Purcell, of Helena, Mont., the sum of \$86.06, in full satisfaction of his claim against the United States for expenses incurred in traveling from Breckenridge, Minn., to Fort Harrison, Mont., and return, pursuant to his appointment, on August 8, 1933, as a member of a special board of review of the Veterans' Administration at Fort Harrison, Mont., such R. R. Purcell being ineligible to serve thereon because of his appointment, prior thereto and unknown to him, as director of the National Reemployment Service in Montana.

The amendment was agreed to.

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

BILL PASSED OVER

The bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, that bill cannot be discussed under this order of business.

Mr. VANDENBERG. That is too important a bill to be passed under this order. I suggest that it go over.

The PRESIDING OFFICER. The bill will be passed over.

PREVENTION OF COLLISIONS ON WATERWAYS

The Senate proceeded to consider the bill (H. R. 10308) to amend article 3 of the "Rules Concerning Lights, etc." contained in the act entitled "An act to adopt regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States", approved June 7, 1897.

Mr. MCKELLAR. Mr. President, may we have an explanation of the bill?

Mr. WHITE. Mr. President, the bill is a very simple one. The present law as to lights on a vessel which is towing another vessel, or other vessels, does not require it to be

indicated whether the tow is alongside or is astern of the vessel which is furnishing the motive power. The bill simply changes the law so that the lights will show whether the towed vessel is alongside or is astern.

Mr. MCKELLAR. Will the bill provide better precautions against collisions?

Mr. WHITE. It is designed to remove some confusion which has existed under the present situation and to avoid some collisions of the kind that have occurred. It is recommended by the Department; and, so far as I know, no one has voiced any opposition to it.

Mr. MCKELLAR. If the bill will help to avoid collisions, I am for it.

Mr. WHITE. I will say to the Senator that that is the purpose of the bill.

Mr. MCKELLAR. Let it be passed.

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

COMBINATION FISHING AND FREIGHTING LICENSE

The Senate proceeded to consider the bill (H. R. 11036) to amend section 4321, Revised Statutes (U. S. C., title 46, sec. 263), and for other purposes.

Mr. MCKELLAR. Mr. President, I should like to have an explanation of the bill.

Mr. WALSH. Mr. President, I also should like a brief explanation of the bill. I am favorable to it, but I desire to have it explained.

Mr. WHITE. I can understand the interest of the Senator from Massachusetts, for the bill deals with a matter of some concern to fishermen and other interests on the coasts of his State and of concern to all who have coastwise trade and fisheries in their States.

Under a recent ruling of the circuit court of appeals, the law with respect to licenses was interpreted so that now a vessel licensed for the coastwise trade may not engage in the fisheries, and a vessel licensed for the fisheries may not engage in the coastwise trade. That is a recent decision of the circuit court of appeals, and is contrary to the long understanding and long practice heretofore. The bill simply amends the present law so that the license may be issued in the alternative, so that the vessel may engage in the fisheries or may engage in the coastwise trade, as it sees fit.

Mr. MCKELLAR. Does the Department recommend the bill?

Mr. WHITE. The Department recommends it. The enactment of the bill will avoid delay; it will avoid expense to fishermen; it will avoid expense to those in the coastwise trade; and the Department has recommended it to the Congress.

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

INCORPORATION OF VETERANS OF FOREIGN WARS

The bill (S. 4100) to incorporate the Veterans of Foreign Wars of the United States was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the following persons, to wit: James E. Van Zandt, Altoona, Pa.; Bernard W. Kearney, Gloversville, N. Y.; Scott P. Squires, Oklahoma City, Okla.; Robert B. Handy, Jr., Kansas City, Mo.; Henry F. Marquard, Chicago, Ill.; William E. Guthner, Denver, Colo.; Edward J. Neron, Sacramento, Calif.; Dr. Joseph C. Menendez, New Orleans, La.; the Reverend Paul L. Foulk, Altoona, Pa.; Robert E. Kernodle, Kansas City, Mo.; Walter I. Joyce, New York City, N. Y.; George A. Ilg, Cranston, R. I.; James F. Daley, Hartford, Conn.; Charles R. Haley, Pittsburgh, Pa.; F. C. Deverick, Clarksburg, W. Va.; John J. Skillman, Miami, Fla.; Ellie H. Schill, New Orleans, La.; Gerald C. Mathias, Lagrange, Ind.; James W. Starner, Eflingham, Ill.; Leon S. Pickens, Wichita, Kans.; Archie W. Nimens, Minneapolis, Minn.; Dr. Harvey W. Snyder, Denver, Colo.; Charles O. Carlton, San Francisco, Calif.; Walter L. Daniels, Seattle, Wash.; John E. Swaim, Tulsa, Okla.; Peter J. Rosch, Washington, D. C.; and their successors, who are, or who may become, members of the Veterans of Foreign Wars of the United States, a national association of men who as soldiers, sailors, and marines have served this Nation in wars, campaigns, and expeditions on foreign soil or in hostile waters, and such national association, are hereby created and declared a body corporate, known as the Veterans of Foreign Wars of the United States.

Sec. 2. That the said persons named in section 1, or their successors, and such other persons as are duly accredited delegates

from any local post or State department of the existing national association known as the Veterans of Foreign Wars of the United States, under its constitution and bylaws, are hereby authorized to meet and to complete the organization of said corporation, by the adoption of a constitution and bylaws, the election of officers, and to do all other things necessary to carry into effect and incidental to the provisions of this act.

SEC. 3. That the purposes of this corporation shall be fraternal, patriotic, historical, and educational; to preserve and strengthen comradeship among its members; to assist worthy comrades; to perpetuate the memory and history of our dead and to assist their widows and orphans; to maintain true allegiance to the Government of the United States of America and fidelity to its Constitution and laws; to foster true patriotism; to maintain and extend the institutions of American freedom; and to preserve and defend the United States from all her enemies, whomsoever.

SEC. 4. That the corporation created by this act shall have the following powers: To have perpetual succession with power to sue and be sued in courts of law and equity; to receive, hold, own, use, and dispose of such real estate, personal property, money, contract, rights, and privileges as shall be deemed necessary and incidental for its corporate purposes; to adopt a corporate seal and alter the same at pleasure; to adopt, amend, apply, and administer a constitution, bylaws, and regulations to carry out its purposes, not inconsistent with the laws of the United States or of any State; to adopt and have the exclusive right to manufacture and use such emblems and badges as may be deemed necessary in the fulfillment of the purposes of the corporation; to establish and maintain offices for the conduct of its business; to establish, regulate, or discontinue subordinate State and Territorial subdivisions and local chapters or posts; to publish a magazine or other publications, and generally to do any and all such acts and things as may be necessary and proper in carrying into effect the purposes of the corporation.

SEC. 5. That no person shall be a member of this corporation unless he has served honorably as an officer or enlisted man in the Army, Navy, or Marine Corps of the United States of America in any foreign war, insurrection, or expedition, which service shall be recognized as campaign-medal service and governed by the authorization of the award of a campaign badge by the Government of the United States of America.

SEC. 6. That said corporation may and shall acquire all of the assets of the existing national association known as the Veterans of Foreign Wars of the United States upon discharging or satisfactorily providing for the payment discharge of all its liabilities.

SEC. 7. That the said corporation shall have the sole and exclusive right to have and to use, in carrying out its purposes, the name Veterans of Foreign Wars of the United States and the sole and exclusive right to the use of its corporate seal, emblems, and badges as adopted by said corporation.

SEC. 8. That said corporation shall, on or before the 1st day of January in each year, make and transmit to the Congress a report of its proceedings for the preceding fiscal year, including a full and complete report of its receipts and expenditures: *Provided, however,* That said financial report shall not be printed as a public document.

SEC. 9. That as a condition precedent to the exercise of any power or privilege herein granted or conferred, the Veterans of Foreign Wars of the United States shall file in the office of the secretary of state of each State the name and post-office address of an authorized agent in such State upon whom legal process or demands against the Veterans of Foreign Wars of the United States may be served.

SEC. 10. That the right to repeal, alter, or amend this act at any time is hereby expressly reserved.

#### ACQUISITION OF LAND IN NEW YORK CITY

The bill (H. R. 10847) to authorize the acquisition of land for cemeterial purposes in the vicinity of New York City, N. Y., was considered, ordered to a third reading, read the third time, and passed.

#### BILLS PASSED OVER

The bill (S. 3041) to authorize the appointment of John Easter Harris as a major, Corps of Engineers, Regular Army, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3405) for the relief of Capt. James W. Darr, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

#### ADDITIONAL CIRCUIT JUDGE, THIRD CIRCUIT

The Senate proceeded to consider the bill (S. 4457) authorizing the appointment of an additional circuit judge for the third circuit, which was read, as follows:

*Be it enacted, etc.*, That the President of the United States is authorized and directed, by and with the advice and consent of the Senate, to appoint an additional circuit judge of the United States Circuit Court of Appeals for the Third Circuit, who shall possess the same powers, perform the same duties, and receive the same compensation as the present circuit judges of said circuit.

SEC. 2. That when a vacancy shall occur in the office of circuit judge for the third circuit, by the retirement, disqualification, resignation, or death of a circuit judge at present in commission, such vacancy shall not be filled, and thereafter there shall be but four circuit judges in the said circuit.

SEC. 3. That this act shall take effect upon its approval by the President.

Mr. GUFFEY. Mr. President, this measure authorizes the appointment of an additional circuit judge for the third circuit, a temporary appointment, which is made necessary by the severe illness of one of the three judges of the circuit. The circuit embraces New Jersey, Pennsylvania, and Delaware, and, owing to the sickness of one of the judges, Delaware has not been represented on this bench for a year. The judge who is ill desires to retire a year from next September, and I ask that the Senate pass this bill at this time in order to take care of the situation.

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

Mr. GUFFEY. I yield.

Mr. KING. Is it understood that this does not contemplate the addition of another judgeship?

Mr. GUFFEY. Absolutely. The bill is worded so as to take care of the contingency the Senator has in mind.

Mr. KING. I have no objection.

Mr. ASHURST. Mr. President, I call the attention of the Senator from Utah to the second paragraph of the bill we are now considering:

That when a vacancy shall occur in the office of circuit judge for the third circuit by the retirement, disqualification, resignation, or death of a circuit judge at present in commission, such vacancy shall not be filled, and thereafter there shall be but four circuit judges in the said circuit.

Mr. KING. Mr. President, I have no objection, but it seems to me that some provision ought to be made under the terms of which the Chief Justice of the United States might allocate from some other circuit a judge to serve temporarily when a judge is disqualified.

Mr. ASHURST. That is an excellent suggestion, and such action is taken in some instances.

Mr. COPELAND. Mr. President, I have no objection to the bill under consideration, but I desire to take this opportunity to say a word about the appointment of additional judges.

There is one very simple provision of law, the correction of which would take care of the difficulty in the situation of the northern judges. I refer to the provision relating to subsistence. There is now a provision of the general law fixing \$5 a day as the allowance for subsistence of judges, and that is not sufficient. In the city of New York, for example, one cannot rent a single room in a hotel for \$5 a day.

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

Mr. COPELAND. I yield.

Mr. ASHURST. The Senator from New York is correct, as usual. The Senate Committee on the Judiciary has given its attention to the question he now raises.

It will be remembered that for years there was provided a sum not to exceed \$10 a day for subsistence of a judge who went out of his district to hold court elsewhere, but about 10 years ago the sum of \$10 a day for subsistence was reduced to \$5 a day. Only yesterday the Senate Committee on the Judiciary, after careful consideration, by unanimous vote of the members present, ordered a favorable report on a bill providing that the maximum for subsistence when judges are called away from home shall be \$10 a day, and not \$5.

If I may be indulged further, it is known to every observing man that the judiciary of our country is being considerably criticized. Likewise the legislative branch of the Government is being criticized. Personally, I approve of the criticism of judges and of Congress. One of the most wholesome features of representative government is the right of the citizen to criticize his parliament, his legislature, his congress. Strange as it may seem, the right of the citizens to criticize their parliament or congress is an infallible index of a free people.

With regard to the judges, we are, as we should do, going to hold our Federal judiciary—I shall not say to a terrible accounting—but we should hold them to a strict accounting.

That is going to be done, and I approve, and I hope in a modest way to be a party thereto. But it is obligatory upon Congress, it is our duty, before we attempt to hold judges to a strict accounting as to behavior to see that they are adequately compensated; secondly, to see that they have proper clerical and stenographic help and sufficient help of all sorts, and that their salaries and retirement pay shall be secure. Then we should say to them, "Your Honors, you must have no social, no political, no financial ambition if you are to be judges of the United States."

I approve of these bills giving the judiciary adequate help, adequate pay, clerks, and stenographers, and I am glad to have the valuable assistance of the Senator from New York [Mr. COPELAND]. By the way, his colleague the junior Senator from New York [Mr. WAGNER] introduced the bill to increase the subsistence allowance, to which I referred.

Mr. COPELAND. Mr. President, I am glad to have heard what has been said by the distinguished chairman of the Committee on the Judiciary. There has been much discussion lately about the Federal court in the southern district of New York. As a matter of fact, there has been a vacancy in that court for years, and it could have been filled a year ago. If the vacancy had been filled, no doubt the calendar would have been up to date; but, as a matter of fact, there has been no help for those Federal judges in New York for several years because of the existing provision of law regarding subsistence. The situation could have been taken care of if the subsistence allowance had been raised to \$10 a day.

We cannot ask judges from the South and from other sections of the country, who are dependent wholly upon their salaries, to come to a place like New York, where living costs are high, unless we provide a sufficient subsistence allowance, and \$5 a day is not enough. As a matter of fact, the maintenance allowance of the New York Supreme Court justices when sitting outside their districts is \$20 per day.

I observed a few days ago that the distinguished Chief Justice of the United States used the southern district of New York as an example of what ought to be done in the way of increasing the number of judges. As a matter of fact, with all deference to the great ability and high place of the Chief Justice, I fear he is mistaken about the southern district of New York. If the vacancy on the bench there had been filled, and if there had been the subsistence provision spoken of here, there would not have been any delay in clearing the calendar.

In that district one of the judges was sick for a long time, as in the case now before us, and that caused some congestion of the calendar. But, so far as I can see, there is at the present time no possible excuse for the appointment of additional judges and increasing the number in the southern district. If provision were made for increasing the subsistence allowance, I have no doubt at all that the court in the southern district of New York would catch up with the calendar.

The Chief Justice in his statement was mistaken regarding admiralty cases, also, when he said that, according to the press report I saw, the court was 2 years behind in disposing of admiralty cases. As a matter of fact, letters which I have from judges in New York indicate that suits in admiralty can be reached for trial within 4 or 5 days or a couple of weeks. One judge of the Federal court in the southern district said that "admiralty suits can be reached for trial a few days after they are at issue."

Let us not be misled in the matter of these judgeships. We should be very slow in imposing forever and ever upon the taxpayers of the United States the necessity of carrying the burden of additional judges when we can go along very well without them.

Mr. ASHURST. Mr. President, I do not know that I am in order, but the Senator's speech, although he is always fair, is hardly generous toward me, because, according to the record, he triumphed and defeated the effort I made to secure two additional Federal judgeships for the southern district of New York. So I believed that the Senator would

be kind enough to withhold any galling reference to my defeat in that matter.

Mr. COPELAND. Mr. President, I would have no occasion to reflect at all upon the able Senator, who is one of the most generous and kindly persons in the world. But, of course, I was rather pleased when the amendment was withdrawn, and I hope yet that there will be no additions to the Federal bench in New York City.

Many splendid, fine men are applicants for the places which may be created, and I have no doubt they would make excellent judges if actually appointed and confirmed. But, in the last analysis, we all know how it is; politics may creep in, and we do not know just exactly what sort of men will be put upon the bench. Then, for life, or until charges are preferred and solemn impeachment proceedings gone forward with, every such man stays upon the bench. There is no more important or solemn act than the appointment of a Federal judge.

Mr. KING. Mr. President, I agree with what my friend from New York has said as to the improvident creation of new judicial districts or the appointment of additional judges. At the last session of Congress bills were passed creating additional Federal judgeships in a number of States. In my opinion, aside from one of the States, there was no necessity whatever for additional judgeships.

Unfortunately, when there is change in administration, too often demands are made for the creation of additional judicial districts and the appointment of additional judges, and throughout the United States we have loaded up the Federal courts with too many judges, in my opinion, and evidence has been brought to my attention showing that in some districts the judges are not as diligent in the prosecution of their work as they should be.

England, Scotland, and Wales have fewer judges, I am told, than are found in one of the States of our Union, and it is not one of the most populous States. The judges in Great Britain are men of character and of great ability, as are the judges here, but those judges have great executive ability, and they dispose of business with a rapidity which I commend to the judges of the United States.

Too many of our courts are clogged with bankruptcy proceedings and applications for receiverships, and I regret to say that from the evidence which has been taken it appears that the salaries and fees and compensation allowed the lawyers and commissioners and those who have charge of the bankruptcy proceedings have become scandalous. Some judges, in my opinion—and I say this with great reluctance, because of my high regard for the court—have been too generous in their allowance of fees to lawyers and to those who have had charge of estates. It seems to me that certain judges may get into trouble if the policy or practice of allowing such enormous fees shall be long continued.

Mr. ASHURST. Mr. President, I do not wish to continue the discussion of what we might call a "hang-over", but the defeated party is at least always allowed the poor privilege of venting such emotion as he may feel on the subject.

First, with regard to the southern district of New York, surely I do not need to advise the Senate that I have no interest whatever in the matter beyond a public interest. The judicial conference, provided for in the act of 1922, is composed of the Chief Justice of the United States, who presides over the conference, and the senior circuit judges of the 10 circuits. They make a report each year. In 1931, among other things, the conference recommended two additional district judges for the southern district of New York. In 1932 the judicial conference again recommended two additional district judges for the southern district of New York. In 1933 the judicial conference again recommended two additional district judges for the southern district of New York. In 1934 the judicial conference said, among other things, the following:

The most serious congestion and delays are found in the southern district of New York and in the southern district of California, and this condition is caused by the failure to provide a sufficient number of judges.

In 1935 the judicial conference reported, in part, as follows:

The conference called attention last year to the serious congestion and delays that were found in the southern district of California and in the southern district of New York. In the former the average interval between joinder of issue and trial in ordinary course is about 18 months. But that situation has been met by the action of the Congress in providing for the appointment of two additional judges in that district.

Similar relief has not yet been provided for the southern district of New York, and relief there is most seriously needed. In this district the interval between joinder of issue and trial is found to be 22 months for civil jury cases, 23 months for suits in equity, and 27 months for suits in admiralty.

Mr. President, the following are my figures: The southern district of New York disposed in 1 year of 6,175 cases, employing the attention of eight judges. Some of them were required to come to the southern district and, as suggested by my able friend the Senator from New York [Mr. COPELAND], no judge of a district outside of New York City would be anxious to leave his home and try cases in New York City when the subsistence allowance was only \$5 a day, for which sum he could hardly secure a room in a New York hotel. The judges in question each disposed of an average of 772 cases in 1 year.

I have now said all I should say or intend to say about the necessity for additional judges for the southern district of New York. The Senate acted after a debate which I considered able so far as the opponents of the measure were concerned, because I was vanquished and was unable to get the Senate to act favorably on my request. I have no sore spots. I simply did my duty as I saw it and believed it to be, and I beg my friend the Senator from New York to believe that, instead of being irritated I am proud rather of the fight I made. It is not a question of winning a fight in which you take part; it is, rather, a question whether you are profoundly convinced you are right. Results are not with us.

Mr. COPELAND. Mr. President, I should like to say to my able friend from Arizona that he did make a noble fight. It was a vigorous fight he made in behalf of his bill. He had what he thought to be the very best of reasons why there should be additional judges in the southern district of New York.

I do not know anything about the judicial conference or council. I am not of a profession which permits me to enter that body. But sometimes councils—even medical councils—are wrong, and in this case I am satisfied that the judicial conference made a mistake.

I wish I had known this discussion was coming up. I am going to quote some day from the judges themselves in the southern district of New York. I have every one of them on record. Some of them want the two additional judges. Some of them are insistent that provision should be made for them. There are others, however, who say, "No; we do not need them." So I want to say, in all good nature, that I am satisfied we do not need to commit ourselves to two more judges, which means \$20,000 a year in salary; and with the clerk hire, equipment and furniture, and so forth, it would mean \$40,000 or \$50,000 a year. That is the interest on a million dollars forever and ever to be added to the burden of the taxpayers of the United States.

We do not need additional judges. If the relief is given which is suggested by the able Senator, the chairman of the Judiciary Committee, and the subsistence allowance raised, the southern district of New York will get along. There may be some brokenhearted politicians who will not get what they want; but suppose that should happen, at least the taxpayer will be saved from the burden, and, so far as justice is concerned, he will be duly served. I say to my friend that of course he was right, and he always is right, but the trouble was that the argument which was presented by the judicial conference was not well founded. They wrote the same report 4 or 5 years in succession, assuming that a certain condition must continue because it prevailed last year. However, anyone who makes a study of the situation in the southern district of New York as I have done must be convinced that no more judges are needed there. So I am rather pleased that the Senator from Arizona, the chairman of the

Committee on the Judiciary, has so kindly a feeling over what he has considered to be a defeat. Nothing is a defeat when right is served.

Mr. ASHURST. Mr. President, it is one of the worst parliamentary defeats I have received in all my terms of service in the Senate. Another was the defeat in connection with the Boulder Dam. The Senator from New York also helped to inflict that defeat upon me, but I am, frankly, in good humor.

The PRESIDING OFFICER. The question is on the engrossment and third reading of Senate bill 4457.

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

#### BILL PASSED OVER

The bill (H. R. 11690) relating to the admissibility in evidence of certain writings and records made in the regular course of business was announced as next in order.

Mr. JOHNSON. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

#### ACTING HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS

The Senate proceeded to consider the bill (S. 4340) to authorize the President to designate an Acting High Commissioner to the Philippine Islands, which was read, as follows:

*Be it enacted, etc.*, That the President is hereby authorized, in his discretion, to designate a member of the staff of the United States High Commissioner to the Philippine Islands or an officer of the Army or Navy of the United States, to act as the High Commissioner in the event of a vacancy in said office, or the temporary disability or absence of the High Commissioner, and the official so designated shall have all the powers and perform all the duties of the High Commissioner during such vacancy, disability, or absence.

Mr. LEWIS. Mr. President, on the subject of Senate bill 4340, which we have now reached, I wish the Senate would do me the great courtesy of possibly permitting some addition of time to the 5 minutes given me to speak under the rule under which the Senate is now operating.

The bill under consideration has for its purpose to authorize the President to designate an Acting High Commissioner for the Philippine Islands. From my own point of view, I regard measures touching the Philippine Islands as involving very serious subjects at this particular time. I possibly depart from the views of many who have sought to interest themselves concerning the islands when I say I am utterly opposed to the policy my Government has assumed in wholly abandoning the Philippine Islands. I ask the Senate to hear me upon the suggestion for future consideration when this bill shall be further developed.

We have seen, sir, the movement in Ethiopia. Italy has moved up and become the possessor. The return day of what may be called, sir, imperial power has again unfolded itself in the world. I say to my colleagues as a suggestion of advancing history they shall now see the beginning of a completely new era, long contemplated, but just now hastily precipitated upon us by opportunity. Because of the precedent that the League of Nations has been powerless in any form to obstruct, much less to defeat, concerning the advance of a nation seeking to possess itself of available territory, and upon the basis of events that have just transpired touching Ethiopia, and allowed by the League of Nations in its failure of procedure, we shall behold, sir, that England will find a license to advance further in her colonizing conquest and take all of Egypt. We shall then see later, sir, the step by Holland, with the counsel of Germany, of moving forward as proprietor and consume all of Java.

Then, sir, you will observe in a very short while that Japan will see the temper of the times, particularly, as demonstrated, the futility of the League of Nations and its confession of abortive assumption and will feel that it is opportune to move on and up and take such remainder of China as England, with her sphere of influence in China, and France, with Indochina, will tolerate and permit by understanding and joint arrangement.

So as we move forward, Mr. President, it will be discovered that there is a new era when, as I see it, fellow Sena-

tors, the United States is going to be greatly imperiled in its situations of trade and independence as to Asia. I use the word "independence", meaning thereby its independence in its processes of protection of its interests. For myself, sir, I trust the able chairman of the Committee on Territories and Insular Affairs, the distinguished Senator from Maryland [Mr. TYDINGS], who lately has observed the situation personally, will pause to consider whether it were not wise to present this bill at a time when there can be debated fully, in view of revelations transpiring all around us, the subject whether this Government should not retreat from its previous act of generosity and hold where it must in the Orient such possessions either of territory or political influence as will enable it to protect itself in the future hour of danger and embarrassments as I see it now approaching.

It may be asked what do I mean, what shadow do I see? For myself, sir, I behold that as the nations go forward, rapidly consuming such available territory and such spheres of influence as they will be enabled to do, this United States will be made the object of discriminating and forcible ejection of its trade from any of these lands that have become powerful in developing their assets and their possessions.

Mr. President, as the matter stands, as I behold it, were we properly positioned in the Philippines to protect the commerce of the United States on the seas and had there, sir, a proper guardianship, we would be able to resent the efforts which will surely be made to eject us from the trade in Asia. Sirs, we will find that the two great nations that have large spheres of influence there—nations which are European and, naturally, our competitors—will be active in projecting an alliance with oriental countries, among other things, to bring about the exclusion of the United States from the opportunities of trade and to monopolize, so far as can be effected by agreement, the privileges of such trade to the few nations that have their spheres in Asia, recognized as privileged and superior.

Mr. President, with the United States out of the Philippines, and the Philippines out of our former possession, we are perfectly powerless, and, as everyone may see, we become unable to defend and protect our commerce unless we resort to such measures as will almost mean conflict; whereas in the Philippines under proper control we would have such representation of Navy in the waters and such representation of force on the land as would be, sir, a menace to those who would voluntarily seek to strike us from the trade and by discrimination deprive us of equal opportunity in the Asiatic sphere.

I, therefore, take the liberty to point out what I think I see the growing dangers to this country with a multiplication of the imperialistic power that is now possessing the world, and I dare now to suggest that the United States should hesitate to yield support for her privileges and her opportunities for her protection in Asia and in the field covered by the bill presented by the committee of which the able Senator from Maryland is chairman. I consider, instead of a high commissioner to be designated, that the United States should take some other action and create an agency that shall put itself in control of the Philippine Islands before their independence is wholly conceded, and this to the extent necessary to give us assurance of protection to our country in the event of the emergencies surely to arise there at the shores of Asia, where China and Japan join the Philippines.

I, therefore, take the liberty to suggest, as I see the evil and danger and what I see to be the march of events, that this important bill presented by the able Senator should be reserved for some occasion when the whole subject of our relations to Asia and the East may be revised, reconsidered, deliberated, and acted upon in an atmosphere of the perils such as I profess to behold.

I thank the Senate for letting me make these suggestions at this time.

Mr. TYDINGS. Mr. President, what the Senator from Illinois has said is worthy of much thought; but as to the bill which is now before the Senate, I believe the Senator has not had the opportunity which the committee has had to

study its immediate relationship to the Filipino independence question. The Filipino independence bill provided for the appointment of a High Commissioner. That question, I may say to the Senator from Illinois, is not involved in the pending measure. All the pending bill seeks to do is to permit the President, in the absence of the High Commissioner, who is already appointed, to designate someone to sign papers for the routine operation of the Philippine Government in the interim.

Under present circumstances the High Commissioner, who, as I have said, has already been appointed, and who is Governor Murphy, may be called home because of sickness or may have to go to the hospital for an operation; any one of a number of imaginary possibilities may occur, in which event, as the law now is drawn, there would be no official in the Philippine Islands who could sign the papers necessary for the operation of the routine business.

All the pending bill proposes, I may say to my friend from Illinois, is in such emergency to permit the President to appoint someone who may act in the place of the High Commissioner until he returns to duty. The bill has nothing to do with the question of Filipino independence per se or with the appointment of the High Commissioner himself. It only deputizes someone to act in case of emergency.

I am sure that the Senator from Illinois would be the last who would want the American Government to have no representative in the Philippine Islands in the event the High Commissioner should be incapacitated, but unless this bill shall pass, our Government will be in even a worse position than that which he conjectures, for, if the High Commissioner were to be incapacitated, there would be no one in the islands representing the United States of America.

Mr. BORAH. Mr. President—

Mr. TYDINGS. I yield to the Senator from Idaho.

Mr. BORAH. We have never before had this particular officer. Does the bill provide for the creation of the office?

Mr. TYDINGS. No; I may say to the Senator there will be no new office created. The bill only provides that while the High Commissioner, which is the office created by the independence bill, is absent or incapacitated, the President may designate someone of the personnel to act in his behalf until the High Commissioner returns to his duty.

Mr. BORAH. There is no indication of any incapacity, is there?

Mr. TYDINGS. Well, Governor Murphy did come back to the United States about 2 years ago for medical treatment, and during that time, if he had been High Commissioner, there would have been a hiatus of 3 months when there would have been no official in the Philippine Islands who represented the United States Government. The official designated is to function only in an emergency.

I do not think the Senator from Idaho has this in mind; but some people feel that if this bill shall be passed, Governor Murphy may come back and take part in the coming election, whereas if it is not passed Governor Murphy may have to remain in the Philippine Islands. I cannot believe that the Senate of the United States, with 13,000,000 people in the Philippines involved, is going to take such a small, political, narrow view as to provide that in an emergency the Government of the United States in the Philippine Islands may not have any representative. If there is any Senator who wants to take that view I wish he would rise now and assert it.

Mr. BORAH. That kind of an emergency did not present itself to me.

Mr. TYDINGS. I appreciate that.

Mr. BORAH. I really do not think the President is in great need of importing anybody for campaign purposes.

Mr. TYDINGS. I think that is correct.

I trust, therefore, with this brief explanation, that the gap in the present law may be closed, so that the United States at all times may have a representative in the Philippine Islands.

The PRESIDING OFFICER. If there be no objection to the consideration of the bill, the question is on the engrossment and third reading of the bill.

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

*Be it enacted, etc.*, That the President is hereby authorized, in his discretion, to designate a member of the staff of the United States High Commissioner to the Philippine Islands or an officer of the Army or Navy of the United States to act as the High Commissioner in the event of a vacancy in said office, or the temporary disability or absence of the High Commissioner, and the official so designated shall have all the powers and perform all the duties of the High Commissioner during such vacancy, disability, or absence.

#### BONDED INDEBTEDNESS OF MUNICIPALITIES IN ALASKA

The Senate proceeded to consider the bill (H. R. 8766) to authorize municipal corporations in the Territory of Alaska to incur bonded indebtedness, and for other purposes, which had been reported from the Committee on Territories and Insular Affairs with amendments.

The first amendment was, in section 1, page 1, line 4, after the word "authorized", to strike out "to incur bonded indebtedness for the construction, acquisition, extension, repair, or improvement of public works of a permanent character, including public utilities. The total outstanding bonded indebtedness of any such municipal corporation shall not" and insert "to construct, improve, extend, better, repair, reconstruct, or acquire public works of a permanent character and to incur bonded indebtedness and issue negotiable bonds for any or all of such purposes: *Provided, however*, That no municipal corporation shall incur a bonded indebtedness or issue its negotiable bonds under this act to an amount which, including existing bonded indebtedness shall"; and on page 2, line 6, after the word "municipal", to strike out "corporations: *Provided, however*, That nothing herein contained shall affect any bonded indebtedness heretofore incurred by a municipal corporation in said Territory" and insert "corporation. Such public work shall include but not be limited to streets, bridges, wharves and harbor facilities, sewers and sewage-disposal plants, municipal buildings, schools, libraries, gymnasiums and athletic fields, fire houses, and public utilities", so as to make the section read:

That municipal corporations in the Territory of Alaska are hereby authorized to construct, improve, extend, better, repair, reconstruct, or acquire public works of a permanent character and to incur bonded indebtedness and issue negotiable bonds for any or all of such purposes: *Provided, however*, That no municipal corporation shall incur a bonded indebtedness or issue its negotiable bonds under this act to an amount which, including existing bonded indebtedness shall exceed 10 percent of the aggregate taxable value of the real and personal property within the corporate limits of such municipal corporation. Such public work shall include but not be limited to streets, bridges, wharves and harbor facilities, sewers and sewage-disposal plants, municipal buildings, schools, libraries, gymnasiums and athletic fields, fire houses, and public utilities.

The amendment was agreed to.

The next amendment was, in section 3, page 3, line 4, after "Sec. 3", to strike out "All bonds so issued shall be serial in form and shall mature in not to exceed 30 years from the date of issuance thereof. Such bonds may" and insert "Bonds issued pursuant to this act shall"; in line 11, after the word "private", to strike out "sale and may be redeemable or non-redeemable (either with or without premium), and" and insert "sale, may be redeemable (either with or without premium) or nonredeemable"; at the beginning of line 16, to insert "and may be executed by such officers and in such manner"; in line 18, after the word "bonds", to insert "In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signatures, whether manual or facsimile, shall, nevertheless, be valid and sufficient for all purposes, the same as if such officers had remained in office until such delivery"; and on page 4, line 1, after the words "per annum", to insert "payable semiannually", so as to make the section read:

Sec. 3. Bonds issued pursuant to this act shall bear such date or dates, may be in such denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable at such place or places, may be sold at either public or private sale, may be redeemable (either with or without premium) or nonredeemable, may carry such registration privileges as to either principal and interest or principal only, and

may be executed by such officers and in such manner, as shall be prescribed by the governing body of the municipality issuing the bonds. In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signatures, whether manual or facsimile, shall, nevertheless, be valid and sufficient for all purposes, the same as if such officers had remained in office until such delivery. The bonds so issued shall bear interest at a rate to be fixed by the governing body of the municipality issuing the same, not to exceed, however, 6 percent per annum, payable semiannually. All such bonds shall be sold for not less than the principal amount thereof plus accrued interest.

The amendment was agreed to.

The next amendment was, in section 5, page 4, line 12, after the word "conflict", to insert, "but nothing contained in this act shall affect any bonded indebtedness heretofore incurred or heretofore authorized by law. The powers conferred by this act shall be in addition and supplemental to and the limitations imposed hereby shall not affect the powers conferred by any other law", so as to make the section read:

Sec. 5. All acts and parts of acts in conflict herewith are hereby repealed to the extent of such conflict; but nothing contained in this act shall affect any bonded indebtedness heretofore incurred or heretofore authorized by law. The powers conferred by this act shall be in addition and supplemental to and the limitations imposed hereby shall not affect the powers conferred by any other law.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

#### STATE OF CONNECTICUT

The bill (S. 4124) for the relief of the State of Connecticut was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby authorized and directed to pay to the State of Connecticut, out of any money in the Treasury not otherwise appropriated, the sum of \$598,936.30 for and on account of advances and expenditures made by said State in the War of 1812 to 1815 with Great Britain, as found due by the Comptroller General of the United States under directions contained in Senate Resolution No. 67, Seventieth Congress, first session.

#### TALIESIN WATERS

The Senate proceeded to consider the bill (S. 4082) to authorize the presentation of a Congressional Medal of Honor to Taliesin Waters, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert in lieu thereof the following:

That the President is hereby authorized to cause the evidence on which the award of the Distinguished Service Cross was made to Taliesin Waters, formerly a first lieutenant, One Hundred and Seventh Regiment United States Field Artillery, for having distinguished himself conspicuously by gallantry and intrepidity at the risk of his life above and beyond the call of duty on September 6, 1918, near Baslieux le Fismes, France, while under severe bombardment of gas, high explosives, and machine-gun fire, by administering aid to 36 wounded soldiers and by assisting in their removal to a place of safety, to be reviewed by the War Department to determine whether or not the award of a Congressional Medal of Honor in lieu of the Distinguished Service Cross should be made, and if it is found that the Congressional Medal of Honor should be awarded, then such award is hereby authorized.

The amendment was agreed to.

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

#### PLEAS SANDERS

The Senate proceeded to consider the bill (S. 4099) to authorize the award of the Congressional Medal of Honor for distinguished service to Pleas Sanders, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert in lieu thereof the following:

That the President is hereby authorized to cause the evidence on which the award of the Distinguished Service Cross was made to Pleas Sanders, formerly a sergeant, Company F, Thirtieth Infantry, United States Army, American Expeditionary Forces, for bravery in action near Cunel, France, October 10, 1918; for gallantry in action near Jaulgonne, France, July 26, 1918, to be reviewed by the War Department to determine whether or not the

award of a Congressional Medal of Honor in lieu of the Distinguished Service Cross should be made, and, if it is found that the Congressional Medal of Honor should be awarded, then such award is hereby authorized.

The amendment was agreed to.

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

BILL PASSED OVER

The bill (S. 1636) to amend the Interstate Commerce Act, as amended, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

MERRITT-CHAPMAN & SCOTT CORPORATION

The Senate proceeded to consider the bill (S. 4542) authorizing the Comptroller General of the United States to settle and adjust the claim of the Merritt-Chapman & Scott Corporation, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out "\$4,790.55" and insert in lieu thereof "\$4,790.53", and on page 2, line 2, to strike out "\$4,790.55" and insert in lieu thereof "\$4,790.53", so as to make the bill read:

*Be it enacted, etc.*, That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the Merritt-Chapman & Scott Corporation for an amount not exceeding \$4,790.53 for services and material furnished at the request of the Secretary of the Navy under contract no. Nod-210, dated May 19, 1934, in connection with salvage of the steamship *Morro Castle*. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$4,790.53 for payment of the claim: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

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

HIGINIO ALVAREZ

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, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$20,000 of which amount \$15,000 is to be paid to the Government of Mexico for the account of Gen. Higinio Alvarez in full settlement of his claim against the United States with respect to the ownership of lands on the Farmers Banco in the State of Arizona, and the remaining \$5,000 is to be paid to the executors or administrators of the estate of R. E. Fishburn, deceased, in full settlement of such interest in the said Farmers Banco or the proceeds of the settlement therefor as was acquired by virtue of a grant to R. E. Fishburn dated January 6, 1927, signed by General Alvarez, or by the assignment by General Alvarez dated December 3, 1935, in favor of Mrs. R. E. Fishburn and other heirs of said R. E. Fishburn, or by both such grant and assignment, for distribution according to law: *Provided, however*, That no payment shall be made unless and until the Secretary of State shall have received from the Government of Mexico satisfactory assurances that no transfer, other than that specified herein, has been made by General Alvarez, or by anyone acting for or under him, or any part of his right, title, or interest in or to the property comprising the Farmers Banco, until the written opinion of the Attorney General shall be had in favor of the validity of the title, and until General Alvarez has given to the United States a quitclaim deed, in such form as may be deemed satisfactory to the Secretary of State, to all of his right, title, and interest in and to all of the land comprising the Farmers Banco claimed by him under an instrument of grant dated October 22, 1926, signed by the constitutional President of the United Mexican States, or otherwise.

BILL PASSED OVER

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 treaty signed at Washington February 6, 1922, and at London April 22, 1930, at the limit prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes", approved March 27, 1934, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. WALSH. Mr. President, I ask to have printed in the RECORD at this point, for the information of the Senate, the report of the committee on the bill just passed over. I think if the report is read Senators will understand there is no change in principle involved, but the change is made in the administration of principle. I ask that the report be printed in the RECORD at this point.

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

The Committee on Naval Affairs, to whom 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, having considered the same, report it to the Senate with amendments with the recommendation that the bill do pass.

This bill deals only with section 3 (b) of the Vinson-Trammell Act, approved March 27, 1934, which is as follows:

"Sec. 3 (b). To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal-revenue laws to collect Federal income taxes."

HISTORY OF SECTION 3 (B)

This section was not contained in the original Vinson-Trammell bill as introduced and reported by the House Naval Affairs Committee. It was offered as an amendment on the floor of the House and accepted by the chairman of the Naval Affairs Committee of the House. Later, this proposal in the House bill was amended in the Senate Naval Affairs Committee and also on the floor of the Senate. It was still further amended by conferees of the House and Senate, and finally became section 3 (b) in the Vinson-Trammell Act.

THE HOUSE BILL

H. R. 5730 as it passed the House of Representatives amends section 3 (b) in certain parts which has the following effects:

(a) Instead of having the profit computed on each individual contract and making refund, if required, contracts with any one company aggregated for the entire taxable year and refund is made if the company has realized over 10 percent profit on the total of the contracts.

(b) The act relieves the sureties on the performance bonds from the liability of refunding profit in excess of 10 percent in case the contractor does not do so voluntarily and the Bureau of Internal Revenue has not been able to collect it.

(c) It provides a method for a contractor to recover all or part of a loss in one year on the contracts of the next succeeding year.

(d) It makes effective for the purpose of collecting excesses of 10 percent profit, all the provisions of laws including penalties now applicable with respect to income taxes.

(e) It provides specific exemption to certain types of contracts or subcontracts relating to highly specialized scientific equipment used solely by the Navy Department.

THE SENATE BILL

The bill as reported by this committee to the Senate retains (a) and (b), strikes out (c), and retains (d) and (e).

The purpose of (a) is clear. For example, one company might have 10 or 12 contracts during a single taxable year; under the old provision there would be required a report and an audit on each separate contract, whereas under the amended provision only one report and one audit would be required at the end of the taxable year. This would vastly aid the Bureau of Internal Revenue and the Navy Department in their administration of the law.

As to (b), the Navy Department has been of the opinion, as has the Treasury Department, that the performance bond now required by law requires the sureties to guarantee refund of excess profit in case the contractor does not or cannot make the refund as now required. Legal opinion differs, however, on this question, but the bonding companies take the view that the performance bond under this requirement involves a new and uncertain risk, and as a result there has been a large increase in the bonding rates. As each contractor pays for his performance bond, he charges it in his cost price to the Government, and in the final analysis the Government pays the bill. This increase in bonding rates represents an annual charge of between one-half and \$1,000,000 per year, which will be saved by the enactment of this new provision.

Both the Navy Department and the Bureau of Internal Revenue feel that the Bureau of Internal Revenue has ample means and ways of collecting these excess profits under the tax laws, and this change in the law is made to save the Government the additional sum of money, which is now being and will be spent for bonds for an unnecessary purpose.

As to (c), the Navy Department takes the position that it was the intent of Congress to permit contractors to make some profit not in excess of 10 percent and it is of the opinion, since the contractors cannot raise the prices of cost plus 10 percent, that they should be permitted to recover any losses sustained one year in the succeeding taxable year. For example, in the year 1933, a contractor makes a loss of \$100,000 on all his contracts, which represents a 10-percent

loss, and in the subsequent year, namely, 1934, if he has contracts, he may make enough to recover his losses and make a profit of not over 10 percent on the 1934 contracts. Thus, it would be that over a 2-year period he might make a net profit of 5 percent on his total transactions. The Senate committee rejects this provision in the House bill.

The House provision does not change the provided limitation of 10 percent in the Vinson-Trammell Act. It seeks to change the method of ascertainment and groups 2 years instead of only 1 year for computation. The Senate committee did not accept this change and retains the limitations of 10 percent as ascertained at present.

As to (d), it merely makes effective for the purpose of collecting excesses of 10-percent profit all the provisions of laws including penalties with respect to income taxes.

As to (e), it relates to scientific equipment which specifically applies to certain types of contracts or subcontracts relating to highly specialized scientific equipment. This section was put into the bill by the House Naval Affairs Committee and was later approved by the Navy Department. The idea behind this is that any scientific development or improvement is dependent upon research. The Navy Department urged that you cannot have a research business without a possible 10-percent profit because in many researches there are a great many losses. The House committee, after hearings, decided to give scientific-research contractors an opportunity to recoup their losses on the basis that they are entitled to more than 10 percent on a successful scientific development in order to recover losses on an unsuccessful development. This applies to specialized instruments such as radio, instruments for target detection, range control, and synchronizing of gunfire. The Navy Department states that its experience has been that there are more losers than winners in these research developments. The continued efficiency of the Navy depends upon scientific improvement, and this is deemed an essential amendment.

Another amendment deals with the effective date of the bill, which was omitted in the House bill.

#### 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 \$197,809.74; the remainder of 51 showing a profit of 10 percent or less. 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.

#### CONCLUSIONS

This committee feels that it would be equitable and in the interests of the Government to enact H. R. 5730 as passed the House with the committee amendments, thereby broadening competition for naval material, reducing the cost of such materials, and encouraging the entry of new and small contractors into the field of Government supply with resulting better and cheaper material. This bill will result in a saving to the Government, particularly in the administration of the law, cheaper bond rates which will save over half a million dollars a year alone, and simplification of accounting in both the Navy Department and the Bureau of Internal Revenue. This measure is recommended by both the Navy Department and the Treasury Department and is in accord with the policy program of the President.

The committee believes this bill to be in the interest of economy, efficiency, and equity. It has the approval of the Bureau of the Budget and is recommended for passage by the Secretary of the Navy and has already passed the House of Representatives.

#### COMMITTEE AMENDMENTS

The bill is amended by adding after the word "profit" on line 9, page 2, a quotation mark and by striking out all the rest of lines 9, 10, 11, 12, 13, and the words "income taxable year" on line 14.

On line 15, after semicolon, strike out the words "by inserting the word 'further' after the word 'provided.'"

On page 3 strike out all of lines 19, 20, 21, 22, and 23 except the word "Provided." Also strike out the word "further" on line 24.

On page 4, line 17, after the word "thereof", add the following proviso: "And provided further, That the income taxable years shall be such taxable years beginning after December 31, 1935, except that the above provisos relating to the assessment, collection, payment, or refunding of excess profit to or by the Treasury shall be retroactive to March 27, 1934."

#### MAXIMO MARIANO PRUNA Y HERNANDEZ

The joint resolution (S. J. Res. 257) 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, was read, considered, ordered to a third reading, read the third time, and passed, as follows:

*Resolved*, etc., That the Secretary of War be, and he is hereby, authorized to permit Maximo Mariano Pruna y Hernandez to receive instruction at the United States Military Academy at West Point for the course beginning not later than July 1, 1937: *Provided*, That no expense shall be caused to the United States thereby, and that Maximo Mariano Pruna y Hernandez shall agree to comply with all regulations for the police and discipline of the academy, to be studious, and to give his utmost efforts to accomplish the courses in the various departments of instruction,

and that said Maximo Mariano Pruna y Hernandez shall not be admitted to the academy until he shall have passed the mental and physical examinations prescribed for candidates from the United States, and that he shall be immediately withdrawn if deficient in studies or in conduct and so recommended by the academic board: *Provided further*, That in the case of said Maximo Mariano Pruna y Hernandez the provisions of sections 1320 and 1321 of the Revised Statutes shall be suspended.

#### LOAN OF BLANKETS AND COTS TO UNITED CONFEDERATE VETERANS

The bill (H. R. 11302) to authorize the Secretary of War to lend to the Reunion Committee of the United Confederate Veterans 3,000 blankets, olive drab, no. 4, 1,500 canvas cots, to be used at their annual encampment to be held at Shreveport, La., in June 1936, was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted*, etc., That the Secretary of War be, and he is hereby, authorized to lend, at his discretion, to the Reunion Committee of the United Confederate Veterans, for use at the United Confederate Veterans' Encampment, to be held at Shreveport, La., June 9, 10, 11, and 12, 1936, two hospital ward tents, with all pegs, poles, and equipment necessary for their erection; 1 storage tent complete with all equipment; 1 large wall tent complete with all equipment; 6 small wall tents complete with all equipment; 10 pyramidal tents complete with all equipment; 50 14-quart G. I. buckets; 3,000 blankets, olive drab, wool; 1,500 canvas folding cots; 1,500 comforters; 1,500 cotton-felted pillows complete with cotton pillow cases; 3,000 cotton bedsheet: *Provided*, That no expense shall be caused to the United States Government by the delivery and return of said property; the same to be delivered from the nearest quartermaster depot at such time prior to the holding of said encampment as may be agreed upon by the Secretary of War and the Confederate Reunion Committee: *Provided further*, That the Secretary of War, before delivery of such property, shall take from said Reunion Committee of the United Confederate Veterans a good and sufficient bond for the safe return of said property in good order and condition, and the whole without expense to the United States.

#### JOSEPH W. HARRISON

The bill (S. 3736) authorizing and directing the appointment of Joseph W. Harrison as a captain in the Chaplain Reserve Corps was announced as next in order.

MR. KING. Mr. President, I find a strong recommendation by the Secretary of War against the bill. Let it go over.

MR. SHEPPARD. Mr. President, may I make a brief explanation? It is mainly because Reverend Harrison has passed the age limit that the Department objects. He had had three enlistments in the Army, and during the third enlistment was discharged on a surgeon's certificate of disability. It is the general desire of the various veterans' organizations in Texas that he be given this appointment. It is largely a matter of accommodating the sentiment in my State that Reverend Harrison should receive this recognition.

MR. KING. Mr. President, I cannot refrain from challenging the attention of the Senator from Texas and of the Senate to the statement of the Secretary of War, as follows:

As it appears that no useful military end would be served by Mr. Harrison's appointment in the Chaplains' Reserve, and as such appointment would be unjust to all other applicants who are required to meet the provisions of existing law and regulations, the War Department strongly opposes the enactment of S. 3736.

MR. SHEPPARD. There are exceptional circumstances surrounding this matter.

MR. KING. I will ask the Senator to let it go over for the day. I will look into it further and discuss the matter with him and with the Secretary of War.

THE PRESIDING OFFICER. On objection, the bill will be passed over.

#### WITHHOLDING OF COMPENSATION OF MEMBERS OF MILITARY AND NAVAL FORCES

The Senate proceeded to consider the bill (S. 3220) to authorize the Secretary of War or the Secretary of the Navy to withhold the pay of officers, warrant officers, enlisted men, and nurses of the Army, Navy, or Marine Corps to cover indebtedness to the United States under certain conditions, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert the following:

That hereafter whenever upon the statement of the account of any disbursing officer of the United States in the General Accounting Office credit shall have been disallowed for any payment to any person in the executive branch of the Government, otherwise

entitled to compensation from the United States or from any agency or instrumentality thereof, such compensation of the payee may be withheld until full reimbursement has been accomplished under such regulations as may be prescribed by the head of the department, branch, or independent establishment (including corporations) under which such payee is entitled to receive compensation: *Provided*, That nothing contained in this act shall be construed to repeal or in any way modify existing laws relating to the collection of the indebtedness of accountable or disbursing officers.

Mr. KING. Mr. President, may I ask the Senator from Texas [Mr. SHEPPARD] if the bill meets the approval of the War Department and Navy Department?

Mr. SHEPPARD. Mr. President, I am under the impression that this is a compromise which may turn out to be satisfactory to all concerned. I should like to explain the situation to the Senator.

Under present law, and because of decisions of the Comptroller General, there is doubt as to the authority of the Secretary of War and the Secretary of the Navy to withhold the pay of an officer payee who has received money paid to him by a disbursing officer by mistake. Present conditions work a hardship on disbursing officers, and place responsibility primarily on them for the reimbursement of the United States for money illegally paid out through a mistaken interpretation of the law, or honest errors in computations of pay, and so forth, which are sometimes very complicated. This bill enables all departments to hold those receiving illegal pay primarily responsible, and to take steps, such as stopping pay, and so forth, to collect from such payees. Of course, if collection cannot be made from these payees, the disbursing officers are still accountable.

Mr. KING. It involves no increase in expenditures?

Mr. SHEPPARD. None whatsoever.

Mr. KING. It involves no promotions?

Mr. SHEPPARD. No: it is a matter of administration only.

The Senator from Washington [Mr. SCHWELLENBACH] is familiar with the matter.

Mr. SCHWELLENBACH. Mr. President, the accounting department made certain suggestions with reference to the bill as submitted by the War Department. The bill was originally submitted by the War Department. One objection was that in the War Department bill it was provided that any officer who had defended a claim and hired an attorney, should be compensated for his attorney's fee. The accounting department objected to that. We felt that was a reasonable objection.

As a general proposition, I have the feeling that it is a purely accounting matter. It seemed to me the accounting department is in a better position to judge what the law should be than is the War Department. I could not find any real difference with the exception of this one point. I think there has been argument about it for several years. I believe the accounting department's bill fully meets the desire of the War Department. The bill, in my opinion, is entirely meritorious and should be passed.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Committee on Military Affairs.

The amendment was agreed to.

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

The title was amended so as to read: "A bill to authorize withholding compensation due Government personnel."

#### JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 115) designating the last Sunday in September as "Gold Star Mother's Day", and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The joint resolution will be passed over.

#### PUBLIC PARK, CLACKAMAS COUNTY, OREG.

The bill (H. R. 5058) to convey certain lands to Clackamas County, Oreg., for public-park purposes was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the Secretary of the Interior is authorized and directed to issue a patent to Clackamas County,

Oreg., on behalf of the United States, for the south half southwest quarter and the west half northeast quarter southwest quarter section 11, township 3 south, range 4 east, Willamette meridian, in the State of Oregon, containing 100 acres, more or less, on condition that such county shall accept and use such lands solely for public-park purposes; but if such county shall at any time cease to use such lands for public-park purposes, or shall permit the use of such lands for any other purpose, or shall alienate or attempt to alienate them, they shall revert to the United States: *Provided*, That there shall be reserved to the United States, its patentees, or their transferees, the right to cut and remove therefrom the merchantable timber, reserving to Clackamas County, Oreg., when such sale is made under the provisions of the act of June 9, 1916 (39 Stat. 218), a preference right to purchase the timber at the highest price bid.

Sec. 2. The Secretary of the Interior shall prescribe all necessary regulations to carry into effect the foregoing provisions of this act.

#### BILLS PASSED OVER

The bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

Mr. VAN NUYS. Mr. President, I think this bill should receive consideration at this time. It is requested by the Treasury Department and simply applies to the Railroad Reorganization Act the same provisions which apply to the Private Corporations Reorganization Act, whereby Federal claims for taxes must be taken care of before any others. There are at present taxes to the extent of \$10,000,000 due from the railroads. Many of the railroad companies are trying to reorganize. I really think the bill should have consideration at this time.

Mr. VANDENBERG. Let it go over for the day.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 4297) to amend section 80 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, was announced as next in order.

Mr. VANDENBERG. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

#### EXAMINATION AND SURVEY OF SMUGGLERS COVE, OREG.

The bill (S. 4487) to provide for a preliminary examination and survey of Smugglers Cove, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination and survey to be made of Smugglers Cove (otherwise known as Short Sands Beach), on the coast of Oregon, with a view to determining the feasibility, advisability, and cost of converting such cove into a harbor of refuge. The Secretary of War shall report to the Congress, as soon as practicable, the result of such examination and survey. The cost of such examination and survey shall be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

#### HAYDEN W. WREN

The joint resolution (S. J. Res. 250) extending thanks in appreciation of services rendered by Hayden W. Wren as superintendent of the docks of the port of New Orleans was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Resolved, etc.*, That in recognition of faithful performance of duties of a complex and extremely delicate nature, rendered during the World War by Hayden W. Wren as superintendent of the docks of the port of New Orleans, in the handling of tons of high explosives without mishap at a time when the Mississippi River was at one of its highest stages of water; for the manipulation of facilities and the handling of ships so efficiently as to avoid any serious congestion of traffic at a time when facilities of many major ports of the United States were seriously congested; for the salvaging of the interned Austrian steamship *Anna*, which was sinking at the Nine Mile Point as a result of attempts to scuttle by the Austrian crew, thus saving, among others, the lives of five United States deputy marshals stationed on the ship; for the vigilance and patriotic interning of five alien steamships and their removal to the Nine Mile Point without mishap to any of these ships, and the interment of their respective officers and crews; for the handling of the facilities at the port of New Orleans during the full period of the World War in close cooperation with the officers and men of the United States Government, the thanks of the people of the United States are hereby tendered to him as a tribute of his services rendered.

## NEW ORLEANS ARMY BASE

The Senate proceeded to consider the bill (S. 4252) to provide for the modification of the contract of lease entered into on June 12, 1922, between the United States and the Board of Commissioners of the Port of New Orleans, which had been reported from the Committee on Commerce with amendments, on page 1, line 5, after the word "obligation", to insert "require repairs and maintenance"; in line 7, after the word "and", to strike out "stipulations" and insert "provisions"; in line 9, after the word "on", to strike out "December 29, 1930, supplemented by agreement of October 20, 1931", and insert "June 12, 1922, as now or hereafter supplemented, covering the New Orleans Army Base or portions thereof"; and at the end of the bill to insert "Provided, That the rental shall not be made lower than the fair rental value to be determined by the Secretary of War from an appraisal by qualified disinterested appraisers, the cost of appraisal to be paid by the Secretary of War from the rental collected under the lease", so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of War, with the consent of the lessee, may, in his discretion, and in such manner as he may consider desirable, reduce the consideration or obligation, require repairs and maintenance, and otherwise modify the terms, consideration, and provisions of the lease entered into between the United States and the Board of Commissioners of the Port of New Orleans on June 12, 1922, as now or hereafter supplemented, covering the New Orleans Army Base or portions thereof, in the event it appears that full performance of the lessee's obligations under such lease will result in default by, or impose undue hardship upon, the lessee: *Provided*, That the rental shall not be made lower than the fair rental value to be determined by the Secretary of War from an appraisal by qualified disinterested appraisers, the cost of appraisal to be paid by the Secretary of War from the rental collected under the lease.

The amendments were agreed to.

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

## MEMORIAL TO OFFICERS OF IMMIGRATION AND NATURALIZATION SERVICE, ETC.

The Senate proceeded to consider the joint resolution (H. J. Res. 439) authorizing the erection in the Department of Labor Building of a memorial to the officers of the Immigration and Naturalization Service and Immigration and Border Patrol who, while on active duty, lost their lives under heroic or tragic circumstances, which had been reported from the Committee on Public Buildings and Grounds with an amendment, on page 1, line 3, after the words "That the", to strike out "Director of Public Buildings and Public Parks of the National Capital" and insert "Director of the National Park Service", so as to make the joint resolution read:

*Resolved, etc.*, That the Director of the National Park Service be, and is hereby, authorized to grant permission for the erection of a memorial to the officers of the Immigration and Naturalization Service and Immigration Border Patrol who, while on active duty, lost their lives under heroic or tragic circumstances. The design of the memorial shall be approved and the site in the Department of Labor Building shall be chosen by the Commission of Fine Arts, and the United States shall be put to no expense in or by the erection of the said memorial.

The amendment was agreed to.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

## BILL PASSED OVER

The bill (S. 4376) authorizing the State of Iowa, acting through its State highway commission, and the State of Nebraska, acting through its department of roads and irrigation, to construct, maintain, and operate a free or toll bridge across the Missouri River at or near Dodge Street in the city of Omaha, Nebr., was announced as next in order.

Mr. BENSON. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

## MISSOURI RIVER BRIDGE, BROWNVILLE, NEBR.

The bill (S. 4461) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the times for commencing and completing the construction of the bridge across the Missouri River at or near Brownville, Nebr., authorized to be built by the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, by section 18 of the act of Congress approved August 30, 1935, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

## MISSOURI RIVER BRIDGES, NEBRASKA-IOWA

The bill (S. 4462) to extend the times for commencing and completing the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa, was considered, ordered to be engrossed for a third reading, read the third time, and passed:

*Be it enacted, etc.*, That the times for commencing and completing the construction of the bridge across the Missouri River, between the towns of Decatur, Nebr., and Onawa, Ohio, authorized to be built by the county of Burt, State of Nevada, by section 29 of the act of Congress approved August 30, 1935, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill (S. 4463) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa, was considered, ordered to be engrossed for a third reading, read the third time, and passed:

*Be it enacted, etc.*, That the times for commencing and completing the construction of the bridge across the Missouri River at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa, authorized to be built by the county of Dakota, State of Nebraska, by section 30 of the act of Congress approved August 30, 1935, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

## COAST GUARD STATION, CRESCENT CITY, CALIF.

The bill (H. R. 1398) to provide for the establishment of a Coast Guard station at or near Crescent City, Calif., was considered, ordered to a third reading, read the third time, and passed.

## COAST GUARD STATION, PORT WASHINGTON, WIS.

The bill (H. R. 8370) to provide for the establishment of a Coast Guard station at Port Washington, Wis., was considered, ordered to a third reading, read the third time, and passed.

## MISSOURI RIVER BRIDGE, NIOBRARA, NEBR.

The bill (H. R. 10589) to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes", approved August 30, 1935, was considered, ordered to a third reading, read the third time, and passed.

## REORGANIZATION OF DISTRICT OF COLUMBIA COURTS

The Senate proceeded to consider the bill (S. 4038) to amend an act of Congress approved March 3, 1863, entitled "An act to reorganize the courts in the District of Columbia, and for other purposes", which had been reported from the Committee on the Judiciary with amendments, on page 1, line 6, after the word "the", to strike out "District Court" and insert "district court", and at the end of the bill to insert "Provided, That nothing in this act shall affect the jurisdiction or functions of the court", so as to make the bill read:

*Be it enacted, etc.*, That the court established by section 1 of the act of March 3, 1863 (12 Stat. 762) entitled "An act to reorganize the courts in the District of Columbia, and for other purposes", shall hereafter be known as the district court of the United States for the District of Columbia: *Provided*, That nothing in this act shall affect the jurisdiction or functions of the court.

The amendments were agreed to.

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

Mr. KING. Mr. President, I ask unanimous consent to have inserted in the Record, following the passage of the bill, the report of the committee, which fully explains the reasons for the change.

The PRESIDING OFFICER. Without objection, is so ordered.

The report (No. 1997) submitted by Mr. KING on May 7, 1936, is as follows:

The Committee on the Judiciary, to whom was referred the bill (S. 4038) to amend an act of Congress approved March 3, 1863, entitled "An act to reorganize the courts in the District of Columbia, and for other purposes", having considered the same, report favorably thereon with the recommendation that the bill do pass with the following amendments:

Line 6, strike out the words "District Court" and insert "district court."

Line 7, strike out the period following the words "District of Columbia" and insert the following:

": Provided, That nothing in this bill shall affect the jurisdiction or functions of the court."

The purpose of this bill is to change the name of the principal trial court located in the District of Columbia so as to reflect more clearly its present nature and business. The court was established by act of Congress approved March 3, 1863 (12 Stat. 762), with the title "the Supreme Court of the District of Columbia." Since that time additional jurisdiction in matters strictly of a Federal nature has been given the court, and a very considerable part of its present business is that of the Federal district courts, with which it most closely compares.

Serious confusion arises because of the similarity of the name of this court to that of the Supreme Court of the United States, which is, of course, located in the District of Columbia. The judges of the court are in favor of the corrective legislation.

The form of the legislation, as introduced, was similar to an act approved June 7, 1934 (Public, No. 298), which changed the name of the appellate court in the District of Columbia from "Court of Appeals of the District of Columbia" to "United States Court of Appeals for the District of Columbia." While there has been no suggestion that the language of the latter affected materially the jurisdiction of powers of the appellate court, it is deemed wise to add the amendment proposed by this committee so that there shall be no possibility of impairment of the powers, jurisdiction, or duties of the present Supreme Court of the District of Columbia merely by reason of the proposed change in name.

#### BILL PASSED OVER

The bill (H. R. 8824) for the relief of the estate of John Gellatly, deceased, and/or Charlyne Gellatly, individually, was announced as next in order.

**THE PRESIDING OFFICER.** This bill is reported adversely.

Mr. COPELAND. Let it go over.

**THE PRESIDING OFFICER.** The bill will be passed over.

#### REVISION OF CONVENTION FOR PROTECTION OF LITERARY AND ARTISTIC WORKS

The joint resolution (S. J. Res. 253) to authorize an appropriation for the expenses of participation by the United States in a Conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works, concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Resolved, etc.*, That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$6,500, or so much thereof as may be necessary, for the expenses of participation by the United States in the Conference to convene at Brussels, Belgium, for the purpose of revising the Convention for the Protection of Literary and Artistic Works, concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928, including personal services in the District of Columbia and elsewhere without reference to the Classification Act of 1923, as amended; stenographic reporting and other services by contract if deemed necessary without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5); rent; traveling expenses, purchase of necessary books, documents, newspapers, periodicals, and maps; stationery; official cards; entertainment; printing and binding; and such other expenses as may be authorized by the Secretary of State, including the reimbursement of other appropriations from which payments may have been made for any of the purposes herein specified, to be expended under the direction of the Secretary of State.

The PRESIDING OFFICER subsequently said: The Chair calls the attention of the Senate to the fact that the Senate has passed House Joint Resolution 569, which is identical with Senate Joint Resolution 253, which has also been passed. Without objection, the action of the Senate in passing Senate Joint Resolution 253 will be reconsidered, and it will be indefinitely postponed.

#### CONGRESS OF MILITARY MEDICINE AND PHARMACY

The joint resolution (H. J. Res. 538) to provide for participation by the United States in the Ninth International Congress of Military Medicine and Pharmacy in Rumania in 1937; and to authorize and request the President of the

United States to invite the International Congress of Military Medicine and Pharmacy to hold its tenth Congress in the United States in 1939, and to invite foreign countries to participate in that Congress, was considered, ordered to a third reading, read the third time, and passed.

#### MRS. M. N. SHWAMBERG

The bill (S. 3844) for the relief of Mrs. M. N. Shwamberg was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500, United States currency, for payment to Mrs. M. N. Shwamberg, as an act of grace, and without reference to the legal liability of the United States, as full indemnity for the personal injuries sustained by her as the result of a collision between a public jinrikisha in which she was riding and a United States Marine Corps ambulance on Seymour Road, Shanghai, China, on January 31, 1935.

#### HOMER BRETT

The bill (S. 4140) for the relief of Homer Brett, Esq., American Consul at Rotterdam, Netherlands, as a result of money stolen from the safe of the American Consulate, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to Homer Brett, Esq., American Consul at Rotterdam, Netherlands, the sum of \$116.58, such sum representing the unrecovered amount stolen from the safe of the American Consulate at Rotterdam, Netherlands, on the night of September 27, 1935.

#### AMENDMENT OF MIGRATORY BIRD TREATY ACT

The bill (S. 4584) to amend the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755) to extend and adapt its provisions to the convention between the United States and the United Mexican States for the protection of migratory birds and game mammals concluded at the city of Mexico February 7, 1936, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the title of the act entitled "An act to give effect to the convention between the United States and Great Britain for the protection of migratory birds concluded at Washington, August 16, 1916, and for other purposes", approved July 3, 1918 (40 Stat. 755), is hereby amended as of the day on which the President shall proclaim the exchange of ratifications of the convention between the United States and the United Mexican States for the protection of migratory birds and game mammals concluded February 7, 1936, or on the day of the enactment of this act, whichever date is later, so that it will read as follows:

"An act to give effect to the convention between the United States and Great Britain for the protection of migratory birds concluded at Washington August 16, 1916, and between the United States and the United Mexican States for the protection of migratory birds and game mammals concluded at the city of Mexico February 7, 1936, and for other purposes."

Sec. 2. That said act approved July 3, 1918, is hereby amended as of the day aforesaid by striking out the word "convention" wherever it occurs therein and by inserting in lieu thereof the word "conventions."

Sec. 3. That section 2 of said act approved July 3, 1918, is hereby amended as of the day aforesaid so as to read as follows:

"Sec. 2. That unless and except as permitted by regulations made as hereinafter provided, it shall be unlawful at any time, by any means or in any manner, to pursue, hunt, take, capture, kill, attempt to take, capture, or kill, possess, offer for sale, sell, offer to barter, barter, offer to purchase, purchase, deliver for shipment, ship, export, import, cause to be shipped, exported, or imported, deliver for transportation, transport or cause to be transported, carry or cause to be carried, or receive for shipment, transportation, carriage, or export, any migratory bird, or any part, nest, or egg of any such birds, included in the terms of the conventions between the United States and Great Britain for the protection of migratory birds concluded August 16, 1916, and the United States and the United Mexican States for the protection of migratory birds and game mammals concluded February 7, 1936."

Sec. 4. That section 4 of said act approved July 3, 1918, is hereby amended as of the day aforesaid by adding at the end thereof the following:

"It shall be unlawful to import into the United States from Mexico, or to export from the United States to Mexico, any game mammal, dead or alive, or parts or products thereof, except under permit or authorization of the Secretary of Agriculture in accordance with such regulations as he shall prescribe having due regard to the laws of the United Mexican States relating to the exportation and importation of such mammals or parts or products thereof and the laws of the State, District, or Territory of the United States from or into which such mammals, parts, or products

thereof, are proposed to be exported or imported, and the laws of the United States forbidding importation of certain live mammals injurious to the interests of agriculture and horticulture, which regulations shall become effective as provided in section 3 hereof."

Sec. 5. That section 9 of said act approved July 3, 1918, is hereby repealed as of the day aforesaid and the following is hereby substituted in lieu thereof:

"Sec. 9. That there is authorized to be appropriated, from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and to accomplish the purposes of said conventions and this act and regulations made pursuant thereto, and the Secretary of Agriculture is authorized out of such moneys to employ in the city of Washington and elsewhere such persons and means as he may deem necessary for such purpose and may cooperate with local authorities in the protection of migratory birds and make the necessary investigations connected therewith."

Sec. 6. That all moneys now or hereafter available for administration and enforcement of said act approved July 3, 1918, shall be equally available for the administration and enforcement of said act as hereby amended.

#### USE OF WATERS OF THE RIO GRANDE

The bill (H. R. 10321) to amend section 4 of Public Act No. 286, Seventy-fourth Congress, approved August 19, 1935, as amended, was considered, ordered to a third reading, read the third time, and passed.

#### BLACK ROCK HARBOR IMPROVEMENT, BUFFALO, N. Y.

The Senate proceeded to consider the bill (S. 4317) 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., which had been reported from the Committee on Commerce with an amendment, on page 2, line 9, after the word "lands", to strike out "northerly of the said lands forming the dike along the westerly side of the said Black Rock Harbor improvement, including the lands under the water between said dike and the westerly harbor line of the channel established by the United States" and insert "owned by the United States on the west side of Black Rock Canal, described as follows: Beginning at a point where the northerly line of property formerly owned by William H. Slade, or that line extended, intersects the United States Government property line (formerly New York State Blue Line); thence easterly parallel to the line forming the northeasterly boundary of lands heretofore granted to the city of Buffalo by the United States and known as Bird Island pier until a point is reached in direct prolongation of the easterly boundary line of said last-mentioned lands; then southwesterly in direct line with said easterly boundary of said lands to the northeasterly corner of said lands heretofore conveyed to the city of Buffalo by the United States; thence westerly along the northeasterly boundary of said Bird Island pier lands to said United States Government property line; thence northeasterly along said last-mentioned line to the place of beginning", so as to make the bill read:

*Be it enacted, etc.*, That in addition to the grant made by the Secretary of War to the city of Buffalo pursuant to the act of Congress entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes", approved February 27, 1911, for the purpose of establishing a public park and landing facilities on that part of the structure known as Bird Island pier on Niagara River lying north of Albany Street extended, in the city of Buffalo, N. Y., and forming a part of Black Rock Harbor improvement and the lands of the United States under water on both sides of said pier to the established harbor lines, subject to the terms, conditions, and stipulations in said grant specified, the Secretary of War is authorized to grant to the city of Buffalo, N. Y., also the right and privilege of occupying said lands and lands under water, and also the lands owned by the United States on the west side of Black Rock Canal, described as follows: Beginning at a point where the northerly line of property formerly owned by William H. Slade, or that line extended, intersects the United States Government property line (formerly New York State Blue Line); thence easterly parallel to the line forming the northeasterly boundary of lands heretofore granted to the city of Buffalo by the United States and known as Bird Island pier until a point is reached in direct prolongation of the easterly boundary line of said last-mentioned lands; then southwesterly in direct line with said easterly boundary of said lands to the northeasterly corner of said lands heretofore conveyed to the city of Buffalo by the United States; thence westerly along the northeasterly boundary of said Bird Island pier lands to said United States Government property line; thence northeasterly along said last-mentioned line

to the place of beginning, or so much thereof as may be necessary, for use either by the city of Buffalo or by the Buffalo Sewer Authority (created by chapter 349 of the Laws of the State of New York of 1935) for sewage-disposal facilities, on such terms, conditions, and stipulations as he may deem expedient and equitable and necessary for the protection of all the interests of the United States in and to said premises: *Provided, however*, That the city of Buffalo shall have secured the sanction and consent of the State of New York through its constituted agencies.

The amendment was agreed to.

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

#### CAPT. LAURENCE V. HOUSTON, RETIRED

The bill (S. 3992) for the relief of Capt. Laurence V. Houston, retired, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the President is hereby authorized to transfer Capt. Laurence V. Houston from the retired to the active list of the United States Army and to place him on the promotion list in the position he would have occupied had he not been involuntarily transferred to the retired list on December 9, 1929: *Provided*, That no back pay or allowances shall accrue to Capt. Laurence V. Houston by reason of this transfer.

#### REVISION OF CONVENTION FOR PROTECTION OF LITERARY AND ARTISTIC WORKS

The joint resolution (H. J. Res. 569) to authorize an appropriation for the expenses of participation by the United States in a conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928, was considered, ordered to a third reading, read the third time, and passed.

#### BILL PASSED OVER

The bill (H. R. 9009) to make lands in drainage, irrigation, and conservancy districts eligible for loans by the Federal land banks and other Federal agencies loaning on farm lands, notwithstanding the existence of prior liens of assessment made by such districts, and for other purposes, was announced as next in order.

Mr. MCKELLAR. Mr. President, may we have an explanation of that bill?

Mr. VANDENBERG. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

#### PORT NEWARK ARMY SUPPLY BASE

The Senate proceeded to consider the bill (H. R. 9042) to provide for the sale of the Port Newark Army Supply Base to the city of Newark, N. J.

Mr. MCKELLAR. Mr. President, will some Senator explain that bill?

Mr. MOORE. Mr. President, this property was bought from the city of Newark by the United States Government before the war. The city of Newark has been trying to get the property back, and negotiations for that purpose have been pending; and an earlier bill was introduced providing for selling the property back to the city of Newark for \$1,000,000. In the pending bill, however, the amount is raised to \$2,000,000. I think that is fair enough, although the first bill called for \$1,000,000; and I shall be very glad if the pending bill may be passed.

Mr. MCKELLAR. The city of Newark is buying the property back?

Mr. MOORE. Yes, sir.

Mr. MCKELLAR. It conveyed the property to the Government during the war?

Mr. MOORE. It did.

Mr. MCKELLAR. I have no objection to the bill.

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

#### LANDS IN CONNECTICUT

The bill (S. 4425) to relinquish all right, title, and interest of the United States in certain lands in the State of Connecticut, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the Secretary of War be, and he is hereby, authorized and directed to convey to the town of Westport, Conn., by quitclaim deed, all right, title, and interest of the United States in the land authorized to be conveyed by the act entitled "An act to authorize the sale of a parcel of land in the

town of Westport, Conn.", approved July 3, 1926. Such deed shall contain no restrictions or limitations as to the use of such land and shall remove all limitations and restrictions as to the use of such land which were contained in the deed executed on January 11, 1927, pursuant to such act.

JOHN C. REYNOLDS

The Senate proceeded to consider the bill (S. 4078) to authorize the award of the Distinguished Service Cross to John C. Reynolds, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and to insert:

That the President is hereby authorized to cause the recommendation of the award of a decoration to John C. Reynolds, formerly a private, first-class, Company A, Fourth Infantry, United States Army, American Expeditionary Forces, for distinguished conduct in rescuing wounded in battle on October 2, 3, and 4, 1918, near Nantillois, France, and Montfaucon, France, and during the battle of the Meuse-Argonne, to be considered by the proper boards or authorities, and such award made to said Reynolds as his conduct merits.

Mr. MCKELLAR. Mr. President, I see that the enactment of this bill is not recommended by the Department.

Mr. SHEPPARD. Mr. President, the bill has been amended so as to provide merely for a review and an investigation.

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

The amendment was agreed to.

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

The title was amended so as to read: "A bill to authorize the award of a decoration for distinguished service to John C. Reynolds."

LOSS OF CHECKS IN THE MAIIS

The Senate proceeded to consider the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, which had been reported from the Committee on Post Offices and Post Roads with amendments to insert at the end of the bill two new sections, so as to make the bill read:

*Be it enacted, etc.*, That section 3 of the act entitled "An act making appropriations for the payment of invalid and other pensions of the United States for the fiscal year ending June 30, 1913, and for other purposes", approved August 17, 1912 (37 Stat. 312; 38 U. S. C., sec. 50), is hereby amended to read as follows:

"Sec. 3. Pensions, compensation, insurance, or other allowances or benefits provided for by laws administered by the Veterans' Administration shall be paid by checks drawn, pursuant to certification by the Administrator of Veterans' Affairs, by the Division of Disbursement of the Treasury Department in such form as to protect the United States against loss, without separate vouchers or receipts, and payable by the Treasurer of the United States, except in any case in which the Administrator of Veterans' Affairs may consider a voucher necessary for the protection of the Government. Such checks shall be transmitted by mail to the payee thereof at his last-known address, and the envelope or cover thereof may bear an appropriate notice of the prohibition hereafter set forth in this section.

"Postmasters, delivery clerks, letter carriers, and all other postal employees are prohibited from delivering any mail addressed by the United States bearing such notice and containing any such check (except that in the case of checks in payment of allowances and benefits other than pensions, compensation, or insurance, the prohibition shall apply only insofar as the Administrator of Veterans' Affairs deems it necessary to protect the United States against loss), to any person whomsoever, if the addressee has died or removed, or in the case of a widow believed by the postal employee intrusted with the delivery of such mail to have remarried (unless such mail is addressed by the United States in the name which the widow shall have acquired by remarriage); and the postmaster in every such case shall forthwith return such mail with a statement of the reasons for so doing, and if because of death or remarriage, the date thereof, if known. Checks returned as herein provided on account of death or remarriage shall be canceled."

Sec. 2. Section 4 of the Adjusted Compensation Payment Act, 1936, is hereby amended by adding at the end thereof the following paragraphs:

"At the request of the Secretary of the Treasury, the Postmaster General, under such regulations as he may prescribe, shall designate postmasters and other employees of the Post Office Department and of the Postal Service to perform, without extra compensation, such fiscal-agency services as may be desirable and practicable in connection with the redemption and payment of the bonds issued under this section; and the Postmaster General may require each such employee to furnish such bond as he may determine for the faithful performance of such fiscal-agency duties.

"The Secretary of the Treasury is authorized to advance, from time to time, to the Postmaster General, from the appropriation

contained in the Supplemental Appropriation Act, fiscal year 1936, approved February 11, 1936, for 'Administrative expenses, Adjusted Compensation Payment Act, 1936, Treasury Department, 1936 and 1937', such sums as are certified by the Postmaster General to be required for the expenses of the Post Office Department in connection with the handling of the bonds issued hereunder. Such bonds, when received by postmasters for purposes of redemption and payment, shall be handled by the postmasters under such special regulations as may be promulgated by the Postmaster General. They shall be transmitted between post offices or from any post office to the Treasury Department, or fiscal agent thereof, without advance payment of any required postage. The Secretary of the Treasury shall reimburse the Postmaster General from the aforesaid appropriation contained in said Supplemental Appropriation Act, for such postage and registry fees as may be required in connection with such transmittal. Whenever it is proved to the Secretary of the Treasury, by clear and satisfactory evidence, that any such bond is lost, stolen, or destroyed while being so transmitted, the Secretary of the Treasury may, in accordance with such rules and regulations as he may prescribe, issue a duplicate thereof without requiring the furnishing of an indemnity bond."

Sec. 3. The salary of each of the four Assistant Postmasters General is hereby fixed at a rate of \$10,000 per annum, effective on the date of the passage of this act.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Gladys Hinckley Werlich

The bill (S. 4558) for the relief of Gladys Hinckley Werlich was announced as next in order.

The PRESIDING OFFICER. This bill is identical with House bill 12183, reported today without amendment by the Senator from Nevada [Mr. PITTMAN].

Mr. LEWIS. Mr. President, the bill before the Senate is a measure to award the sum ordinarily granted to the widow of one dying in the service, the unhappy experience to which this bill relates. A bill embodying the whole matter having passed the House and being before us for consideration, I move, sir, that it be given the place of the bill of the Senate, and, upon the substitution being made, that the House bill be passed by the Senate.

The PRESIDING OFFICER. Without objection, the House bill will be substituted for the Senate bill.

The Senate proceeded to consider the bill (H. R. 12183) for the relief of Gladys Hinckley Werlich, which was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 4558 will be indefinitely postponed.

MICHAEL J. QUINN

The Senate proceeded to consider the bill (S. 3921) authorizing the Secretary of War to bestow the Silver Star upon Michael J. Quinn, which was read, as follows:

*Be it enacted, etc.*, That notwithstanding the provisions of the act of May 26, 1928, the Secretary of War is authorized to pass upon the recommendations now in the War Department for the award of the Silver Star citation to Michael J. Quinn, late of Battery B, Seventh Regiment United States Field Artillery, and, if such recommendations are found sufficient under the law governing the award of the Silver Star, to award such decoration to Michael J. Quinn.

Mr. MCKELLAR. Mr. President, may we have an explanation of that bill? The Department is against it.

Mr. SHEPPARD. Evidently there is a misunderstanding. The bill provides merely for an examination.

Mr. MCKELLAR. In that event, I have no objection.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

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

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

BANKRUPTCY PROCEEDINGS OF DRAINAGE DISTRICTS, LEVEE DISTRICTS, ETC.

Mr. ROBINSON. Mr. President, I ask unanimous consent to recur to Calendar No. 2083, being the bill (S. 4297) to amend section 80 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended.

Mr. McNARY. Mr. President, was objection entered to the consideration of this bill when the calendar was being called?

Mr. ROBINSON. I am informed that there was no discussion of the bill. The Senator from Michigan [Mr. VANDENBERG] made an objection, and I should like to have an opportunity of explaining the bill and having it considered, if there is no objection.

The PRESIDING OFFICER. The Senator from Arkansas asks unanimous consent that the Senate return to the consideration of the bill to which he has referred. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment.

Mr. ROBINSON. Mr. President, I should like to state what the bill proposes.

Mr. McNARY. Mr. President, I observe on page 15 of the calendar a notation of a similar bill, Calendar No. 2081, House bill 8940.

Mr. ROBINSON. Mr. President, that is an entirely different bill. It is a more general measure. I should like to have the privilege of explaining the bill to which I have called attention.

Mr. McNARY. My only reason for calling the matter to the attention of the Senator was that the titles seem to contain the same language. I thought probably the bill had been repeated on the calendar.

Mr. ROBINSON. They are entirely different bills. The bill which I ask to have considered exempts for a period of 1 year drainage, levee, irrigation, and reclamation districts from the limitations of the general bankruptcy law which prohibit the filing of a second proceeding in bankruptcy within 6 years, provided such district has filed a petition in bankruptcy prior to the enactment of this measure.

Shortly after the enactment of the Municipal Bankruptcy Act, which was approved May 24, 1934, some three or four of such districts filed petitions for refunding their respective debts without making application to the Reconstruction Finance Corporation for loans for that purpose. The result in these instances was an adjustment as to maturity of dates of their bonded or other obligations, and a consequent reduction in their interest rates.

Subsequently the landowners in some of these districts, through the directors of the districts, and with the consent of a majority of the bondholders, through their representatives, have applied for loans from the Reconstruction Finance Corporation with which to refinance their indebtedness, some of which applications have been approved.

Without the benefit of the effect of proceedings under the amendment of May 24, 1934, referred to, such districts cannot secure approval of the maximum required by the Reconstruction Finance Corporation for closing and disbursing these loans. As amended, the exemption proposed by the bill to which I am referring will not open the door to any abuses, inasmuch as the measure is restricted to those districts which find themselves in the situation outlined.

The bill was introduced by the Senator from California [Mr. McApool], and it is intended to meet a situation found to exist in some three or four districts. I hope the Senator from Michigan may see fit to withdraw his objection.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Indiana [Mr. VAN NUYS] whether this is the bill he was explaining to the Senate a few moments ago?

Mr. VAN NUYS. No, Mr. President; this is an entirely different bill.

Mr. VANDENBERG. I thought it was different. I have no objection, and I may say to the Senator from Indiana that I have read the report of the bill he was discussing since I made objection, and I am perfectly willing to withdraw my objection to the consideration of the bill he was handling.

The PRESIDING OFFICER (Mr. MOORE in the chair). The clerk will state the amendment proposed to the pending bill by the committee.

The LEGISLATIVE CLERK. It is proposed, on page 2, line 2, after the word "district", to strike out the words "filing a petition under this section, or to prevent the approval of a plan under this section for any such district in any case" and to insert in lieu thereof the words "which file a petition under this section within 1 year after the date this paragraph takes effect and which prior to such date has filed a petition in bankruptcy", so as to make the bill read:

*Be it enacted, etc.*, That subsection (g) of section 80 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended by adding at the end thereof the following new paragraph:

"The provisions of clause (5) of subsection (b) of section 14 of this act (relating to the granting of a discharge in bankruptcy more than once in 6 years) shall not be construed to apply in the case of any drainage, irrigation, reclamation, or levee district which file a petition under this section within 1 year after the date this paragraph takes effect and which prior to such date has filed a petition in bankruptcy."

The amendment was agreed to.

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

#### RELIEF OF OFFICERS AND SOLDIERS OF THE VOLUNTEER SERVICE

Mr. CAPPER. Mr. President, I move that the Senate proceed to the consideration of a motion to reconsider the vote by which the bill (H. R. 9472) for relief of officers and soldiers of the Volunteer service of the United States was passed.

Mr. ROBINSON. Mr. President, I have no objection to the motion.

Mr. VANDENBERG. Mr. President, I desire to speak on the motion.

Mr. ASHURST. Mr. President, in view of the fact that the Senator from Michigan has withdrawn his objection to the bill referred to a short time ago by the Senator from Indiana [Mr. VAN NUYS], I suggest that we might pass that bill. I am sure there would be no objection to it.

Mr. VANDENBERG. I do not want to lose the floor.

Mr. ASHURST. I should not want the Senator from Michigan to lose the floor, of course.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas [Mr. CAPPER] that the Senate proceed to consider the motion of the Senator from Utah [Mr. KING] to reconsider the vote by which House bill 9472 was passed.

Mr. ROBINSON. Mr. President, I should like to inquire, what is now pending before the Senate?

The PRESIDING OFFICER. The motion of the Senator from Kansas is before the Senate.

Mr. McNARY. Mr. President, I hope the motion may be acted upon favorably.

Mr. KING. Mr. President, I dislike to dissent from the statement of my friend the Senator from Oregon. I am willing to have the matter taken up at this time for consideration, and I shall give reasons for my opposition to the bill.

Mr. ROBINSON. Mr. President, I think there is some confusion as to what the order intended is. As I understand, House bill 9472, an act for relief of officers and soldiers of the Volunteer service of the United States, passed the Senate something like 2 months ago. The Senator from Utah [Mr. KING] gave notice of a motion to reconsider the vote by which the bill was passed by the Senate. That has had the effect of tying up the proposed legislation in the Senate. The Senator from Kansas [Mr. CAPPER] has moved that the Senate proceed to the consideration of the motion to reconsider, and it is my intention, when the Senator from Utah shall have had opportunity to discuss the subject, to move to lay the motion of the Senator from Kansas on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Kansas to proceed to the consideration of the motion of the Senator from Utah to reconsider.

Mr. VANDENBERG. I understand I am recognized on that motion.

**THE PRESIDING OFFICER.** The Senator from Michigan is recognized.

**MR. VANDENBERG.** I desire to proceed.

WORLD POULTRY CONGRESS

**MR. COPELAND.** Mr. President, may I make a request of the Chair?

**MR. VANDENBERG.** I yield.

**MR. COPELAND.** There was presented from the Committee on Agriculture and Forestry this morning a favorable report on Senate Joint Resolution 235, with an amendment. This is a measure providing for the appointment of delegates to the forthcoming Poultry Congress. The matter has been delayed for a number of weeks; it is very important that it should be attended to at once, and I ask unanimous consent that the joint resolution may be considered at this time.

**THE PRESIDING OFFICER.** Is there objection?

**MR. ROBINSON.** Mr. President, what is the joint resolution?

**THE PRESIDING OFFICER.** The joint resolution will be read by its title.

The legislative clerk read the joint resolution by title, as follows:

Senate Joint Resolution 235, authorizing the Secretary of Agriculture to expend funds of the Agricultural Adjustment Administration for participation by the United States in the 1936 Sixth World's Poultry Congress.

**MR. ROBINSON.** I have no objection to the consideration of the joint resolution.

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported by the Committee on Agriculture and Forestry with amendments, on page 1, line 3, to strike out "\$40,000" and insert "\$25,000", and in line 14, after the words "United States" to insert a colon and the following:

*Provided further,* That no part of the sum authorized to be expended by this resolution shall be used for the payment of expenses of delegates to such conference other than Government and State Agricultural college officials.

Sec. 2. The President is hereby authorized and requested to extend to the World's Poultry Science Association an invitation to hold the Seventh World's Poultry Congress in the United States in 1939, and to extend an invitation to foreign governments to participate in and be represented by delegates and exhibits in such Congress.

So as to make the joint resolution read:

*Resolved, etc.*, That the sum of \$25,000, or such sum thereof as may be necessary, may be expended by the Secretary of Agriculture from the unexpended funds of the Agricultural Adjustment Administration, with a view to expanding the foreign demand for American-bred poultry through participation in the 1936 Sixth World's Poultry Congress, such funds to be used for staging a live-bird and educational exhibit, and for the expense of delegates of the United States to this conference: *Provided*, That of this sum a sum of \$10,000 is hereby made immediately available for assembling, preparing, and shipping the live-bird exhibit and material showing poultry-husbandry methods followed in the United States: *Provided further*, That no part of the sum authorized to be expended by this resolution shall be used for the payment of expenses of delegates to such conference other than Government and State Agricultural college officials.

Sec. 2. The President is hereby authorized and requested to extend to the World's Poultry Science Association an invitation to hold the Seventh World's Poultry Congress in the United States in 1939, and to extend an invitation to foreign governments to participate in and be represented by delegates and exhibits in such Congress.

The amendments were agreed to.

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

GREAT LAKES EXHIBITION, CLEVELAND, OHIO

**MR. HARRISON.** From the Committee on Finance I report back favorably without amendment House Joint Resolution 547, and I submit a report (No. 2023) thereon.

**MR. BULKLEY.** Mr. President, I ask unanimous consent that House Joint Resolution 547 be immediately considered.

**THE PRESIDING OFFICER (Mr. MOORE in the chair).** Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 547) providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes, which was ordered to a third reading, read the third time, and passed, as follows:

*Resolved, etc.*, That all articles which shall be imported from foreign countries for the purpose of exhibition at the international exposition to be held at Cleveland, Ohio, beginning in June 1936, by Great Lakes Exposition, or for use in constructing, installing, or maintaining foreign buildings, or exhibits at the said exhibition, upon which articles there shall be a tariff or customs duty, shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition to sell within the area of the exposition any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling or exposure the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That at any time during or within 3 months after the close of the exposition any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such article shall be remitted: *Provided further*, That articles which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That Great Lakes Exposition shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for articles imported under the provisions of this act, shall be reimbursed by Great Lakes Exposition to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524, Tariff Act of 1930.

ADMINISTRATION OF EMERGENCY-RELIEF FUNDS

**MR. VANDENBERG** obtained the floor.

**MR. JOHNSON.** Mr. President, will the Senator yield?

**MR. VANDENBERG.** I yield.

**MR. JOHNSON.** I think the subject about to be discussed by the Senator from Michigan is of such importance that we should have a fuller attendance of Senators. I suggest the absence of a quorum.

**THE PRESIDING OFFICER.** The clerk will call the roll.

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

Adams	Coolidge	King	Robinson
Ashurst	Copeland	La Follette	Schwellenbach
Bachman	Couzens	Lewis	Sheppard
Bailey	Davis	Logan	Shipstead
Barkley	Dieterich	Lonergan	Smith
Benson	Donahey	Long	Steiner
Black	Duffy	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Townsend
Brown	George	Maloney	Tydings
Bulkley	Gerry	Metcalf	Vandenberg
Bulow	Glass	Moore	Van Nuys
Burke	Guffey	Murphy	Wagner
Byrd	Hale	Murray	Walsh
Byrnes	Harrison	Norris	Wheeler
Capper	Hastings	Pittman	White
Caraway	Hayden	Pope	
Clark	Johnson	Radcliffe	
Connally	Keyes	Reynolds	

**THE PRESIDING OFFICER.** Seventy-three Senators having answered to their names, a quorum is present.

**MR. VANDENBERG.** Mr. President, the House of Representatives yesterday passed House bill 12624, which is the first deficiency appropriation bill, and includes the relief program and appropriation for the next fiscal year. Inasmuch as I am in complete disagreement with the relief section of the House bill, and inasmuch as I am offering a complete substitute for it, it has occurred to me that we could save time if I were to present my substitute to the Senate today, and make my statement and explanation regarding it.

I am seeking, at the present time, to submit my discussion of the proposed substitute for the relief bill, first, for the purpose of saving the necessity of a double discussion, once before the committee and then before the Senate; and, second, for the purpose of avoiding the necessity of discussion at a later date, perhaps when time may be infinitely more valuable.

I desire to submit a complete substitute for the section of the House appropriation bill which deals with relief. The proposed substitute does the following things:

(1) It appropriates the sum of \$1,500,000,000, plus the unobligated and unexpended balances in previous relief appropriations, estimated at \$1,800,000,000.

(2) It sets aside the first \$100,000,000 to be allocated to the States to meet unforeseen emergencies.

(3) It requires the balance, or as much as needed, to be equitably allocated to the States on the basis of (a) relative population; (b) relative unemployment; (c) relative cost of living, including climatic and seasonal differentials; (d) relative taxpaying resources.

(4) It requires each State to set up a bipartisan board of relief trustees as custodians of Federal grants-in-aid, and to match Federal grants by not less than 25 percent of State and local funds.

(5) It turns over to the States—and this is the essence of the entire challenge—complete power of decision relative to the type of relief, and complete responsibility for subsequent administration.

(6) It specifically penalizes any relief discriminations on the basis of race, religion, or politics, and makes any relief assessments for political purposes a crime.

I ask, Mr. President, that the amendment in the nature of a substitute, be printed in the RECORD as an appendix to my remarks, and that it be referred to the Committee on Appropriations.

The PRESIDING OFFICER. Without objection, the amendment, in the nature of a substitute, submitted by the Senator from Michigan will be received, referred to the Committee on Appropriations, printed, and printed in the RECORD.

(The amendment, in the nature of a substitute, submitted by Mr. VANDENBERG appears at the conclusion of his remarks as exhibit A.)

**MR. VANDENBERG.** Mr. President, I may say in passing that in the event the substitute shall be rejected and we shall be dealing with the text of the House bill ultimately, I shall want also to offer three amendments to the House text, which I also ask unanimous consent to submit at the present time.

The first will include within the penal clause of the House bill the following language relating to persons penalized:

or who solicits or receives any political contributions from persons for whom any portion of the foregoing appropriation is intended.

That amendment will be offered on page 23, line 7, after the word "doing."

At another point, again defining the persons within the punitive definition of the House bill, I propose to insert, on page 23, line 4, after the word "boycott", the words:

discrimination on account of race, religion, or political affiliations—

In respect, of course, to the administration of relief.

And a third amendment, reading as follows:

*Provided further.* That no work-relief project shall be undertaken unless it has been specifically authorized by act of Con-

gress or unless the entire sum necessary to complete it is allocated to it from this appropriation.

The obvious purpose of the final amendment being to prevent the spectacle which we have seen during the last year or two of small allocations being made from relief funds to projects which are left generally to subsequent appropriation bills to finance.

I ask that these amendments be referred to the Committee on Appropriations and printed.

The PRESIDING OFFICER. Without objection, the amendments submitted by the Senator from Michigan to House bill 12624 will be received, printed, and referred to the Committee on Appropriations.

**MR. VANDENBERG.** Mr. President, I want to present to the Senate and for the RECORD, and particularly for the benefit of the Appropriations Committee, in whatever degree it may consider the proposed substitute, some of the reasons why I think it is essential here and now sharply to depart from the existing relief formula and to embrace a new course.

The substitute for the pending bill accepts primary Federal obligation to finance the major costs of feeding, sheltering, and clothing all worthy Americans who are in need. But it restores responsibility to the States for relief decisions and relief administration, and enforces State cooperation. It would demobilize expensive and often scandalous Federal bureaucracy, and ultimately would bring us in sight of a balanced Budget. But it would multiply the dependable aids and hopes extended to the whole American army of the unemployed and destitute.

I have no illusions about the substitute's reception. Probably it is preordained that the country shall persist, for 1 more year at least, in the reckless, wasteful, corrupting, and inadequate relief process which is the administration's present infatuation. But the self-styled Presidential "quarter-back" so frequently gives his "team" new signals for new play that I do not entirely despair of change before it is too late.

Indeed, I think I might digress to say, Mr. President, I am greatly encouraged in this later aspect by the courageous action of the Democratic majority of the Senate Finance Committee, joining with and cooperating with the Republican minority of that committee at the present time, in apparently insisting upon rejecting a tax bill which, in my very humble judgment, is the greatest legislative atrocity I have ever confronted. I have no intention to argue the tax bill at the moment, but I should like to add that no tax bill can be defended as good tax legislation which requires of a taxpayer that when he makes out his return he shall have at his elbow a lawyer, an accountant, a psychoanalyst, and a crystal gazer in order to keep out of jail. It might also be added that if this substitute relief plan were adopted—recapturing some \$1,800,000,000 of already existing appropriations, unexpended and unobligated—it might be possible to avoid the necessity of any tax bill at all. But I do not want to talk about taxes. I want to talk about relief.

Mr. President, I think I can prove that the substitute is modeled on a principle which would win the approval of the majority of our citizens; that it would far better serve the whole of our people who deserve relief; yet that it would save ultimate billions of dollars to the hard-pressed Treasury and to our distraught taxpayers, and thus would hasten the essential hour when we shall once more pay as we go and when we shall quit the indecent and unsound habit of gaily charging our bills to our grandchildren. In whatever degree these life-giving objectives may be approached we surely can agree that the achievement would be a benediction.

Now, Mr. President, let me summarize my case in advance.

I complain against the existing relief system, which the pending House bill would extend and perpetuate, on the following grounds:

(1) It involves degenerating Federal dictation to the States in affairs which, both by tradition and logic, belong in the intimate jurisdiction of State decision and State re-

sponsibility. States' rights are inevitably matched by State duties. Abandonment of the latter emasculates the former.

(2) It invites the dangerous and ultimately fatal habit of quitting local self-reliance even as it destroys local autonomy. It progressively encourages the process of central subsidies, which have ruined every nation in history that has surrendered to their insidious and paralyzing influence. Thus it destroys morale and creates more problems than it solves.

(3) It involves expensive duplication of effort and crushing costs in needless Federal bureaucracy which sap the funds that rightfully belong to citizens in legitimate need of relief. Thus, too, it ominously drains the public credit. Therefore it is a dangerous reliance, particularly for those who require relief, because those who thus rely upon the public credit for subsistence have the greatest stake of all in preserving the public credit from destruction.

(4) It spells poor business. We have learned in the House hearings that during the period of 1933 to 1935, 10.7 percent of all funds expended for relief went for administrative purposes. This seems to me to be a shocking diversion; and it becomes doubly shocking when we discover that the cost of relief administration can go as low as 5.4 percent in one State yet can leap to an altitude of 18.3 percent in another. These unnecessary charges upon relief—a burden alike to the needy and to the taxpayers—can inevitably be reduced when the Federal bureaucracy is demobilized and the vigilance of home-rule responsibility is returned to its essential function.

I may add, parenthetically, at this point that the administration's disregard of the lessons of experience is completely proved by its purpose to concentrate this year on W. P. A. and to abandon the more fruitful and infinitely cleaner P. W. A. entirely.

(5) It wastes vast sums upon experiments which are no part of our immediate problem. Thus it prodigally speculates in the thinning resources of the Republic at a moment when conservation should be the watchword of the hour.

(6) The existing system invites inequities as between the States which are as insufferable as they are inevitable when an enormous Federal bureaucracy, fattening upon the food which it administers to others, attempts to apply common standards to the complex and diversified problems of thousands of different and differing communities scattered across 3,000 miles of continental empire.

(7) The system which would be perpetuated by the House bill, received today, is constantly exposed to political exploitation, because no matter how bravely the central authority may resist these pressures and these cankers it is impossible to protect such a ramifying system from the consequences of political administration, political prostitution, and political duress.

(8) The existing system is inadequate to meet the complete relief necessity because it acknowledges a Federal interest solely in employables who are transferred from relief to work relief, entirely abandoning to doubtful local resources the care of employables who have not been on relief, plus all unemployables. Thus it produces class favorites among the hungry themselves. It extends special privilege to some and ruthlessly denies all consideration to others.

(9) Under the existing system relief loads, relief costs, and reemployment increase together. It is a positively fantastic anomaly. As the need for relief goes down the burden of relief goes up. Where will such a topsy-turvy process end? Either times are not better—a premise which the administration hotly rejects—or the relief system is bad. Take your choice. I am driven by the sheer weight of the proofs which I shall submit to embrace the latter alternative. Therefore I am driven to seek a better way; and the better way seems obvious.

The proposed substitute undertakes to cure these infirmities. It makes no pretense of perfection. Undoubtedly it, too, is vulnerable in spots. But it asserts a principle and points a goal. These are its intended purposes:

(1) To accept Federal obligation to finance the major burden of all basic relief, but to demobilize the entire Federal

relief bureaucracy and to return the responsibility of decision and administration to the States.

(2) To create reliable nonpartisan trusteeship in each State for the disbursement of the joint relief funds created, first, by Federal allocation; and, second, by State contribution, which must be at least 25 percent of the whole.

(3) To entrust the Federal allocation to the President on the basis of, first, relative population; second, relative unemployment; third, relative cost of living, with a special fund for emergencies; and, fourth, relative financial resources.

(4) To leave each State entirely free to choose its own mode of relief and thereupon to require each State to take entire and complete responsibility for administration.

Mr. SCHWELLENBACH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I yield.

Mr. SCHWELLENBACH. I wonder if the Senator has given consideration to and would discuss in detail the length of time necessary to survey the country in order to arrive at that point of distribution as between the various States?

Mr. VANDENBERG. If the Senator will indulge me I shall hope to reach that precise point very shortly.

Continuing the list of claimed assets at least for the substitute:

(5) To cure all political exploitation of relief, so far as possible, and to assure all needy persons equitable treatment regardless of race, religion, or political affiliations.

(6) To meet the entire relief emergency in a complete and adequate way, yet to largely reduce the cost of the entire undertaking and thus to hasten the moment when wild Federal financing will cease to threaten not only the solvency of the Government but also the restoration of successful private business and the restoration of private jobs.

Mr. President, I shall subsequently enlarge upon my discussion of these purposes. Suffice it for the moment to say that the substitute accepts the President's estimate that \$1,500,000,000 of additional funds are required for the next fiscal year, although we do not believe any such sum is necessary or will actually be used after present unexpended balances are recaptured and after the new system sheds existing duplication, extravagance, and waste. But we prefer, for the time being, to use the President's own figure lest the paramount consideration—namely, the establishment of a sound principle—be handicapped by an irrelevant argument in emotional mathematics. The ultimate advantage, in terms both of money and human values, will be inevitable and irresistible.

It will be my contention that such a system will largely cure all eight of the indictments which I have filed against the existing regime. It will save money by its sheer simplifications. It will save human values by acknowledging a Federal obligation to all distressed persons. It will save scandal and exploitation by the irrepressible authority of neighborhood opinion. It will save waste by concentrating a maximum use of available funds upon the distressed. It will save prejudicial inequities as between States and as between individuals. It will save the public credit and thus hasten that restabilization which is prerequisite to re-employment on a large scale. Last, but far from least, it will halt the deadly trends toward undemocratic centralization of power in a Washington dictatorship. It will save the American system.

Let me repeat that the substitute does not pare the total requested by the President. It is my conviction, however, that this new system will pare itself, particularly in another year, when, for the first time, we shall have adequate relief statistics as required by one section of the substitute.

I digress to refer to the interrogatory of the able Senator from Washington [Mr. SCHWELLENBACH], and to agree that there is at this moment a gross lack of adequate statistics covering the basis of this challenging problem. One of the primary essentials to any businesslike approach to the matter now certainly must include arrangements for the accumulation, the mobilization of authentic and dependable

statistics touching all phases of the problem. I think we have reached that point in the substitute.

In the substitute we also propose to reappropriate any unobligated and unexpended balances remaining from previous relief and work-relief appropriations. The only available testimony regarding these amounts would indicate that on March 31, 1936, \$2,061,000,000 of the last \$4,000,000,000 bill were unexpended and \$1,110,000,000 were unobligated. In the House hearings, P. W. A. Administrator Hopkins estimated that something over a billion dollars of the funds appropriated in 1935 for emergency relief would remain unexpended on June 30, 1936. Budget Director Bell stated that he believed that approximately \$1,780,000,000 would remain unexpended from funds appropriated by Congress during the period 1933 to 1935 for the purpose of relief.

It is to be noted that, with the addition of the proposed \$1,500,000,000, the Administration would have nearly \$3,300,000,000, the amount of the original N. I. R. A. appropriation in 1933. On the basis of State allocations and responsibility this would do more, in terms of real relief for its rightful beneficiaries, than has yet been done for them under any bureaucratic device heretofore embraced, if we could proceed under the theory of the substitute, the theory of home rule and home responsibility, home decision, and home administration.

Mr. President, I undertook to say that I thought I could prove a supporting attitude in American public opinion for this totally different approach to the relief problem. Let us see about that.

What does the rank and file of American citizenship think about this problem? The well-known American Institute of Public Opinion undertook to answer the question in its poll published April 26, 1936. First, the institute sought to determine whether people believe that "politics plays a part in the handling of relief in your locality." The referendum resulted as follows: "No opinion", 17 percent; "No", 18 percent; "Yes", 65 percent.

I pass this phase of the poll for the time being because I am not here raising the political issue. It belongs in the consideration only because the institute considers it a major factor in settling the other question which it asked; namely, "Should the responsibility for caring for all persons on relief be returned now to State and local governments?"

It is a shocking thing, violating not only the sense of humanity but also the sense of American sportsmanship, to think of relief needs being prostituted to partisan politics; to think of worthy persons forced to sell their consciences—to barter their American birthright—before they can qualify for bread. Charges of this character, often well substantiated, have been a common sensation during the past year. They have come just as vigorously from Democratic as from Republican sources. Indeed, 55 percent of the Democrats who answered the institute's question about "politics in relief" responded in the affirmative.

To whatever extent this sordid, insufferable thing is true, it produces two malignant results: First, it degenerates and crucifies American citizenship; second, it vastly multiplies the burden of cost. Neither result can be tolerated either in humanity or in logic.

We never have been able to get a senatorial investigation of charges of this nature although the charges have rolled in from every section of the land. Adequate ventilation has never been permitted. Pious disavowals by administrative higher-ups is not enough. It is particularly disconcerting to read in the Washington Star that W. P. A. files are being destroyed on a large scale. I do not make the charge, because I do not know; but I do not close my eyes to statements in the public prints that are thus far unchallenged. This is an ugly contemplation. The whole thing is utterly unsavory. I do not linger upon it this afternoon. My present objective is something else. Neither do I impugn any motives, in the absence of proofs, because beyond any shadow of a doubt many earnest, patriotic, unselfish, devoted men and women are laboring for the common welfare in this great relief undertaking.

I do not question the utility or the integrity of scores and hundreds of the many great W. P. A. projects that have been

undertaken. I simply say that, for the sake of clarity and a fair American understanding of the record, it is unthinkable to me that the present Congress should adjourn without initiating a complete and authentic relief investigation. I simply say that, in my judgment, these sordid infirmities are inevitably inherent in any relief system which centralizes its distributions and controls in Washington bureaucracy.

Mr. President, the situation certainly could not be worse if responsibility were returned to the States. In my view, and evidently in the institute's view, it would be immeasurably better. State politics might still obtrude in spite of every safeguard to the contrary, but the policing effect of neighborhood opinion, the most vigilant and effective of all watchmen, under a system of renewed State and local responsibility, would inevitably circumscribe this jeopardy. Consciousness in the States that they were again spending at least a portion of their own money would afford a further wholesome restraint. The criminal sections of the proposed substitute would afford an everlasting effective restraint. In any event, the American Institute of Public Opinion evidently found this circumstance—the circumstance of politics in relief—to whatever extent it exists, to be one of the controlling factors in the responses which it procured from the country in answer to the primary question which is our immediate concern.

I repeat the question:

Should the responsibility of caring for all persons on relief be returned now to State and local governments?

What did the country answer? "Yes", said 55 percent. "No", said 45 percent.

This is far from an eloquently conclusive decision, although it is a convincing American majority; but I submit that under all the circumstances it is a rather amazing confirmation of the view which I am urging upon the Senate. Working against the proposition would be an inevitable fear, expressed or implied, that the dismissal of Federal responsibility might mean a corresponding reduction in Federal contributions. Working against it would be the perfectly understandable human interest of those who have a stake in the continuation of the existing Federal set-up—meaning those, for example, who have or expect Federal works contracts or those who live in communities with particularly vivid expectations of a spectacular share of continuing Federal bounty, or those who profit in any way whatever from the swollen Federal administrative pay rolls. Working against it would be the great influence of the President of the United States, who has specifically declared against this restoration of State autonomy; and his influence is inevitably reflected in the vast ramifications of his gigantic political machine, which touches every hamlet in the land. Yet in spite of all these adverse influences, and many others, more than half of our people endorsed the proposition for which I here contend. All but 16 States returned a majority in favor of it. Most amazing of all, 41 percent of the "relievers" themselves voted for it.

What were some of the reasons assigned to these viewpoints? It seems to me they are highly significant and revelatory. The institute finds the following to have been the most frequent statements:

"It seems to me the States and counties understand the needs of their own citizens."

"States and counties know the needs of their own citizens better."

"Local governments can handle relief cheaper."

"Relieve Uncle Sam of the job. He's done his part."

"There's too much graft in Federal relief."

"The local governments have to shoulder the responsibility some day. Right now looks like as good a time as any."

Are these reasons wide of the mark? I think not. They are founded in reality. They put first things first. They face facts and are guided accordingly. They are distinctly in line with the expert and experienced view of Robert L. Johnson, former relief administrator for Pennsylvania, who declared, in a series of articles in the Saturday Evening Post, that the return of relief administration to the counties, with local taxpayers paying a share of the cost, "would put a check on the waste and inefficiency with which relief expenditures now are handled."

Is this or is it not a laudable objective? Do not our unemployed and our unemployables have an even greater stake

than any of the rest of us in "putting a check on waste and inefficiency"? Will there not be more of our substance left for them if less of it is needlessly frittered away on waste, inefficiency, extravagance, and politics?

The conclusion of the American Institute of Public Opinion was as follows:

A majority of the voters in a Nation-wide poll have come forward to approve a plan which they believe will help break the log jam of unemployment relief, often called the most stubborn problem of our time.

Nearly everybody knows that approximately 20,000,000 people were on relief in March 1933; that the Federal Government has spent or loaned \$16,000,000,000 for relief and recovery since then; and that in March 1936 there were still 20,000,000 on relief.

The course of action which the voters favor, after watching 3 years of Federal aid to the needy, is to turn the responsibility for relief over to the States and localities—a course that many observers believe would lead to a reduction in relief rolls.

Mr. President, it is particularly useful and illuminating to consult the recommendations of the American Association of Social Workers, representing the front line of social defense in this battle, to determine the extent to which this social-service group approves the alternative for which I am arguing. While this association recommends the continuation of work relief—provided the work relief embraces only projects—

Which offer genuine work with material usefulness or cultural values which are suited to the capacities of those to be employed.

And provided further that—

The number so employed shall be conditioned upon the number of genuine jobs available, rather than upon pressure to put a maximum number to work at a given time.

The great, dominating recommendation of the American Association of Social Workers is for grants-in-aid to the States and then—

After the transfer of funds under such grants, the direct supervision and actual administration thereof should be left entirely to the State and its subdivisions.

That is the essence of my proposal. It is the key to a rational answer to this desperately important and complex problem which will plague the United States to the point of ultimate disaster unless it is speedily resolved. The direct supervision and actual administration of relief, after it is substantially financed by Federal grants in aid must be left to the individual State and its subdivisions. As a matter of fact, my own proposal is more liberal than that of the American Association, because the association suggests a Federal contribution as low as 25 percent with—

Equalization grants designed to balance the disparity between States in wealth and income on the one hand and needs and liabilities on the other hand.

Whereas my proposal invites the possibility of 75 percent of Federal aid. But the mathematics is far less important than the principle; and on the basic principle I find myself sustained by this great American Association of Social Workers. It is this principle that I urge upon the Senate's conscience, because the principle is absolutely essential to the preservation of American institutions and the protection of the public credit. We ignore this axiom at our peril.

Listen, Senators, to what this association has to say respecting the general problem:

No one defends existence on relief as a way of life. It is tolerated and must be perpetuated until self-support becomes a possibility. Let the condemnation of society be directed against the causes of human misery and not against the measures which have to be adopted to mitigate suffering.

Let us remember that sententious statement in assessing the relief courses which we shall pursue. We are not free agents to do precisely as we please. We are bound within unavoidable limitations. The dictates of the heart would order a made job at prevailing rates of wage for every unemployed person in the land. But the dictates of the sane head remind us that if we pursue such a course we shall bankrupt the Nation and leave nothing for the unemployed or anyone else. Wishful thinking is dangerous and deadly in such circumstance. Our problem, whether we like it or not, is to find the measures "which have to be adopted to mitigate

suffering" pending the time when "self-support becomes a possibility" under the restored functioning of normal private business. Neither President Roosevelt nor Administrator Hopkins nor their entire emotional entourage can escape this naked necessity. To pretend to escape when we know better is to "fiddle while Rome is burning."

Listen again to the American Association of Social Workers:

The public fails to comprehend that despite the enormous sums available the recent change in the Federal program has increased rather than lessened the misery and deprivation of a large part of the unemployed and others in need.

That is an amazing statement, Mr. President, particularly to come from the social workers themselves through their national mouthpiece.

Do not run away from that indictment, Senators. Despite the expenditure of "enormous sums"—billions upon billions which we have cheerfully spent and equally cheerfully charged to posterity—misery and deprivation have increased. Shall you cling to such a system? Shall you incorrigibly multiply both debt and misery simultaneously? Is our legislative incompetence reduced to such pathetic impotence? Must we persist in the path of error lest a change of direction might confess that a mistake has been made? It is unbelievable.

There will be no recriminations if the change be frankly made in time. I state here and now that it was necessary to do something, and that I join myself to no indictment of any honest effort that has been made in this behalf. Neither does the American Association, which unreservedly applauds what it freely declares to be "a more effective influence than in any other period in the history of this country." I have no interest in withholding this compliment to good intentions. But good intentions alone are not enough. It is all beside the point. The point—the terrible point—is that we have made mistakes; that we must profit by these mistakes; and if we fail, through pride of opinion or for any other reason, thus to profit by these mistakes, then we deserve unmitigated condemnation.

The American Association of Social Workers points these mistakes. It says:

The imperative need is the realignment of Federal, State, and local forces in a supreme and sustained effort, reaffirming the policy of a cooperative relationship between the three levels of Government covering financial participation and standards of personnel and administration.

That, Mr. President, is my plea—a plea for a "cooperative relationship" in which each unit of Government shall do its own full part, the part which each is best equipped to do. The pending bill perpetuates all the mistakes and errors and wastes and extravagances and inequities of yesterday. The substitute seeks, in good faith, to avoid them, and to build a better, a safer, a wiser tomorrow upon these monitor experiences. To do less is neither courageous nor intelligent.

I do not want to labor the point. But I, for one, cannot escape the challenge which this American Association puts to us in the manifesto issuing from its delegate conference of February 16, 1936.

Listen to this. This is a manifesto issued by the mobilized social workers of America, those who are in the front line in immediate primary contact with the problem of relief. This is what they said:

The fact is that at no time since the Federal Government assumed responsibility through making loans to States in 1932 for aiding those unemployed has the position of vast numbers affected by the depression been so insecure.

There is the truth. Lay no unction to your souls, Senators, because the superficial statistics encourage a belief that some of our people are very much better off than they were 4 years ago. At no time, says this unpartisan authority, has the position of vast numbers affected by the depression been so insecure. Why? I continue to report the findings of the American association:

Our recent survey covering various States indicates that the governmental work programs do not and cannot provide for all those unemployed who are able to work. Vast numbers of other

persons are in need of relief, and for them there is no assured provision in the assistance programs of the State or local governments. These needs will continue for many years to come and are so vast that they create a relief problem far greater than any relief responsibility ever shouldered by State and local governments. The withdrawal of Federal relief funds has resulted in low-grade pauper treatment over wide areas, due to reduction of relief grants and lowering of personnel standards and administrative practices. Nothing but intense suffering and demoralization attendant upon harsh and oppressive administration of relief is in store for a great number of families.

Are you content with that prospectus? Make no mistake about it; so long as you cling to P. W. A. or W. P. A. or any of their alphabetical kin, you are meeting only a portion of the distress problem. You are ignoring the great group of employables not on relief and the greater group of unemployables. You are condemning millions of your fellow citizens to "intense suffering and demoralization"—not my words, but the words of the American Association of Social Workers. You are perpetuating "harsh and oppressive administration of relief." Your escape is in comprehending the whole problem on the basis of Federal grants-in-aid to the States with complete responsibility for net results restored to the States. This is no panacea; but it is the road to hope.

Mr. President, one of the sturdiest discussions of this subject which it has ever been my privilege to read was an address delivered recently by Frank J. Scott, former assistant administrator and comptroller of the Works Progress Administration in New York City. Here is one who, it must be acknowledged, knows whereof he speaks. He looks at W. P. A. from the inside. Then he turns it inside out. His argument marches to an invincible conclusion. It is substantially the same conclusion which I am urging upon the Senate this afternoon.

Mr. Scott is not content to linger in the realm of boondoggling theory. He is realist enough—and a few more realists at the helm would be a blessing if anything like W. P. A. is to continue—he is realist enough bluntly to recognize the fact that 17 cents out of every dollar earned in 1934 by everyone in the United States is consumed by the Federal Budget for the fiscal year now ending. He is realist enough to know that the existing system must sharply change in the near future, or even so rich a country as America will go bankrupt, and the first victims of the collapse will be those who depend upon our solvency for their subsistence. In other words, it is no kindness to our unemployable and our unemployables to persist in a system which will one day confront them with bare cupboards. They, of all Americans, have a major stake in the reorganization of this whole system on a basis of sound economy.

I repeat that Mr. Scott is a realist. Remember, too, that he speaks from inside W. P. A. He bluntly asserts:

W. P. A. is a glorified dole, but costs twice as much or more as something that might frankly be called a dole.

These are not my words. This is the ordered conclusion of the assistant chief administrator of W. P. A. in New York City.

There has been much talk about the dole taking away a man's self-respect, and that W. P. A. restores it because he is employed to do some useful work. That is a pleasant way to present it, but in my judgment it is just plain bunk.

This is Mr. Scott speaking, too:

Every man and woman employed on W. P. A. was taken from the relief rolls. To get on relief rolls an individual must, in effect, take a pauper's oath. That being the case, why all the cheers about W. P. A. maintaining a man's self-respect, particularly as anyone who has watched W. P. A. laborers work knows that they are not doing the kind of job that would be expected of them in private life?

Senators may or may not concur in this frank view. However, it cannot be contemptuously brushed aside without consideration. It goes squarely to the humanities involved in this survey of the Nation's biggest puzzle. I know of nothing more cruel, I repeat, than the present arbitrary and ruthless rule of action which requires of a man that he shall have been upon direct relief during the month of November 1935, before he can qualify for work relief. This penalizes every native element of self-reliance which has

been the supreme American characteristic. It punishes brave individuals who battle upon their own resources to the last possible moment before yielding to the crushing burden of depression. It rewards quick, swift, and easy surrender. The sooner you quit struggling, the surer you will be to get help. I cannot subscribe to any such horrible distortion. I prefer a system under which all citizens in legitimate need shall stand upon an equality, and relief shall play no favorites.

I do not argue for the so-called dole, although I am not afraid of the word if it represents the greatest aid for the greatest number. The plan I favor returns to the States the right and the responsibility of decision. It is for the State to decide what formula it shall pursue, whether it be home relief or work relief, or a combination of the two. It is for the State to decide what it shall do with its liberal share of a liberal Federal grant-in-aid matched by its own draft upon its own resources.

But let me return to Mr. Scott who, incidentally, observes that the result of centralized Washington control over W. P. A. produces "operating duplications that are staggering in cost and ineffective in results."

There is testimony from one who knows. I have been speaking about the immense sums which can be saved without any diminution of relief itself, if we can only decentralize the Washington bureaucracy, with all its duplication and dictations and its nonessentials. Mr. Frank J. Scott, former assistant administrator and comptroller of the W. P. A. in New York City says it himself. He speaks of—

Operating duplications that are staggering in cost and ineffective in results.

Why should we run away from the problem? That is the thing we are asked to perpetuate in the House bill. Mr. Scott concludes as follows:

The per-capita public debt now totals \$400, against \$58 in 1913, an increase of 590 percent, whereas the per-capita income has only increased about 15 percent. In the face of these staggering facts, it is generally conceded that we still have 10,000,000 unemployed. To what extent and for how long can any government continue the present spending pace? Our present spending is so pleasant to so many and our direct taxes affect so few that no one seems to care. The Nation will go on its merry way until our elective Representatives have the courage to insist that we shall pay for every dollar spent henceforth by taxes, and that a substantial part of these taxes shall be direct taxes. Then, and only then, will each of us, as a committee of one, wake up to the fact that the Government is possessed of no magic which enables it to draw wealth from the skies. Then, and only then, will the subject of relief—

That is the thing I am stressing, and that alone—

Then, and only then, will the subject of relief be taken out of politics—

And put where?—

and put back to local communities, where it belongs, and on a basis that will protect the real "forgotten man"—the great middle class—who, now and always, whether he knows it or not, has paid the bulk of Federal taxes. As a committee of one appointed by myself, at the recent suggestion of President Roosevelt, I invite your attention to the necessity of a policy to pay as you spend, so that the citizens of this country can determine for themselves how much altruism this country can really afford and still not too heavily mortgage the lives of this and future generations.

I emphatically agree both that we must pay as we spend and that relief must be taken out of politics and out of Washington and put back upon primary State and local responsibility, where it belongs.

Mr. President, there are several highly illuminating exhibits which I desire to include in the Record, but which I shall not burden the Senate to read in detail. I simply indicate that one very amazing experiment took place in Huron Township, Wayne County, Mich. This is an interesting and significant exhibit. It involves the smallest unit of government, a township; but, in the final analysis, our national experience is the sum total of these local experiences. I quote briefly from a report in the Detroit News, respecting Huron Township, Wayne County, Mich.:

Huron Township, which seceded from the county welfare relief administration and went on its own to administer and finance relief February 1, today is congratulating itself.

The township board, headed by Otto C. Koster, supervisor, who last January notified the county relief administration, "We'll take

care of ourselves and set an example for the Nation", reviewed local relief activities at its monthly meeting at Improvement Hall with gratification.

The case load has been cut from 19 families to 12; relief costs were sliced in half; ne'er-do-wells elected to move out of the township, and idlers suddenly found jobs in time to escape a cord-wood project set up by the township board.

I have no interest in harsh or unsympathetic treatment for persons who deserve and require relief. On the contrary, everything I am saying trends in the direction of better treatment for more of them than has been the record heretofore. But local responsibility, I am bound to say again and again, polices these situations to eliminate their wastes and exploitations in a fashion utterly impossible when absentee overlords and treasurers operate the system from Washington.

When John F. Ballenger, Wayne County relief administrator, heard about what had happened in Huron Township, this is what he said:

I'm not so sure but what those officials are right. I always have been of the opinion that those closest to the picture would be bound to know the business best. It looks like a step in the right direction.

"Those closest to the picture \* \* \* know the business best." That is the beginning and the end of my argument. It pleads for the restoration of home responsibility and home rule. Those farthest from the picture know the business worst. That is the story of central Washington controls—and it is the inevitable story, because distance dilutes the mutual sense of obligation.

Take the converse of the Huron Township case. I suppose there is no more challenging exhibit than that of Fulton, N. Y. "The Mystery of Fulton, the City the Depression Missed" was the title of the revelation in the New York Sun of March 21 last. Listen to this amazing balance sheet!

I am speaking, Mr. President, about what happened in Fulton, N. Y. In 1928 private employment took care of 3,464 workers and private charity took care of 136 cases at a cost of \$17,500. In 1936 private employment takes care of 4,327 workers and Government charity takes care of 858 cases at a cost \$350,000. Not only does the number of workers in private industry increase heavily but the private pay rolls increase from a predepression high of \$2,753,000 to a 1936 altitude of \$4,404,027. But at the same time, in this same city which "the depression missed", the relief cases have multiplied 600 percent and the cost of the relief load has multiplied 2,000 percent.

And, Mr. President, precisely that same sort of relationship, in greater or less degree, exists in every community in this land, and it is a fundamental, basic, inescapable challenge against this centralized bureaucratic attempt to run the whole relief program of America from the city of Washington.

What has happened at Fulton, N. Y., simply typifies, in magnified form, the Nation-wide experience. Reliance upon imported relief funds, administered under absentee formula, inevitably multiplies the cost and divides the efficiency. It is bad social service, bad morale, bad economy, bad business, and bad citizenship.

Every community in the Nation has had its own experience in this respect; and usually, if the testimony be candid, it will be conceded that the present system, no matter how nobly meditated, is infinitely more expensive and infinitely less efficient and less satisfactory than home-rule responsibility for these dispensations. "Those closest to the picture know the business best."

Mr. President, I do not want to labor this point, but I have one or two other exhibits which I desire briefly to submit for the RECORD. Of course, the major problem in connection with success for the alternative proposal which I am submitting turns upon the question of an equitable allocation by the President to the States in the first instance. But I submit that this is not too difficult; and I am now coming to the question submitted some time ago by the able Senator from Washington [Mr. SCHWELLENBACH]. Indeed, the old F. E. R. A. effectively discussed this matter in response to a Senate resolution in the first session of the Seventy-fourth

Congress. Assistant Administrator Corrington Gill, who is still with us, indicated four indices that should be consulted in arriving at equitable State allocations. He named: (1) relative relief needs, which is to say, relative unemployment; (2) relative abilities of the political units to finance relief; (3) relative amounts spent by the political units for public welfare purposes other than direct relief; and (4) geographical variations in living standards and relief costs, as well as weather and seasonal factors. It will be noted that my substitute substantially pursues this same formula which was recommended by the F. E. R. A. itself, 3 years ago, and which, therefore, I assume, has a feasible reality upon which we may lean. Therefore the formula should be accredited high and persuasive credentials by my Democratic friends across the aisle. My proposal is not without precedents. I am no lonesome pioneer.

Mr. Gill's report said something else, and it bears significantly upon the problem. He also found that the need for Federal assistance may be affected by—

The unwillingness of some Governors to call special sessions of the State legislatures, the lack of responsibility or the presence of political factionalism which may prevent legislative action, and in a few cases perhaps the unwillingness of the people dominating the political scene to go on record as favoring the raising of funds for the relief of their unemployed.

Those are not my words; those are quoted from the testimony of the Assistant Administrator of F. E. R. A. before a congressional committee.

So far as I am concerned, I am unwilling to surrender to any of these latter vicissitudes. I am unwilling to consent that the Federal Government inherits an obligation merely as the result of the deliberate failure or refusal of a State to do its own duty. I particularly resent any system which burdens the national taxpayer simply because some State regime is unwilling to face its own responsibilities; but I strongly suspect that this element has not been absent from these past inequitable equations. The existing system, which I condemn, is made to order to encourage just such unpatriotic and unsportsmanlike attitudes. It is made to order to reward the slacker. I prefer a system under which cooperation, at least to a minimum extent, is mandatory. Let it be noted that my substitute provides leeway for real emergencies, for I would be the last to penalize real State distress. But it requires a ruggedly honest accounting; and the patriotic taxpayers of the Nation always are entitled to a rugged accounting whenever bounties move out of the National Treasury to anybody. Any other rule invites political favoritism, which is the anteroom to political despotism. Capacity to pay and relative need must be the rule of allocation or any relief system is sheer exploitation. The old F. E. R. A. has testified that an equitable rule of allocation is possible. My proposed substitute invokes that rule. Anything else is unfair, and the existing system is something else.

Mr. President, just one further exhibit and I shall then reward the patience of my friends by subsiding.

Nothing could better illustrate the wide divergence of the relief problem in the various States—and thus the wisdom of getting the determination of relief policies and their administration back as closely as possible to the individual States—than the wide divergence in relief standards among the various States as revealed in recent experience. Direct relief costs per family for the 3 years of 1933, 1934, and 1935 have varied from a total—now think of this—of \$3,472 in one State to \$426 in another. They have varied from a State average of \$1,479 in the highest-cost group to a State average of \$644 in the lowest-cost group.

I ask to have printed at the conclusion of my remarks a table which will be marked "Exhibit A" to sustain the contention.

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

(See exhibit B.)

Mr. VANDENBERG. Mr. President, many factors contribute to these variations. It is inevitable that there must be variations. The localized problem differs, depending

upon such things as higher living costs in urban areas, lower living costs in warm latitudes, and so forth. It emphatically differs in respect to traditional standards of relief and the local disposition to economize both in the cost of relief and the cost of administration. But since these variations, many of them legitimate variations, are unavoidable, it seems a matter of elementary logic to me that we must strive for a system which puts a premium upon holding them within the narrowest possible bounds. It seems equally logical that this demands a restoration of maximum local responsibility.

Federal control accentuates the difficulties and the discrepancies. State responsibility brings home the consciousness of obligation. Until this occurs, definitely and specifically, there is no curb upon the variations. Therefore, it seems incontestably sound to me that, first, each State must again become the responsible unit of decision and administration, and, second, that each State must be required, as the sole practical means of holding it to strict accountability, to match in some appropriate percentage the relief funds received from the central government.

It always will be impossible to reduce Federal grants in aid to a basis of absolute and exact equity because there never can be any absolute rating of relative relief needs and relative capacity to pay. But it should be possible to avoid the wide discriminations now apparent on the face of the record. No one wants to divide the United States into 48 watertight compartments and to say that each shall live unto itself alone or that all shall stand on a dead level, regardless of their resources, in respect to Federal aid. But the sense of responsibility should be the same in every State. I know of no way to measure it and require it except to demand an arbitrary minimum of State contribution to match the larger Federal contribution.

For the calendar year 1935 the proportions of the relief bill in each State paid by each State itself have varied quite as widely as the relief standards to which I have referred. One State paid 65 percent of her own bills, for example, while another paid less than 1 percent of her own bills. I beg to be acquitted of pretending any invidious comparisons. That is not my purpose. I simply show the facts. They may speak for themselves in whatever fashion they deserve.

Mr. SCHWELLENBACH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I yield.

Mr. SCHWELLENBACH. I should like to ask which State it was that paid less than 1 percent.

Mr. VANDENBERG. I shall be glad to give the Senator the information, though I shall ask to have placed in the RECORD a table which will fully illuminate it.

Mr. SCHWELLENBACH. I should like to know which State it was.

Mr. VANDENBERG. I shall have to beg the Senator's indulgence until I can locate it. I have it among my papers, but do not want to detain the Senate while I look for it now. I shall provide the Senator with the information before I conclude.

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

Mr. VANDENBERG. Certainly.

Mr. MCKELLAR. Does the Senator's statement show what amount each State received in the way of relief?

Mr. VANDENBERG. Yes. I think I know the answer to the inquiry of the Senator from Washington [Mr. SCHWELLENBACH], but I hesitate to announce it without being absolutely certain.

Let me catch up again with the comparison. One State paid 65 percent of her own bills while another State paid 1 percent of her own bills. Fourteen States paid less than 10 percent of their bills, while 10 States paid more than 30 percent of their bills. That this does not reflect the actual capacity to pay is indicated by another table for a longer period, which embraces not only the relief statistics, but also relative rankings in respect to per-capita wealth, per-capita income, and per-capita taxpaying ability.

Mr. President, I ask that all the three tables to which I have referred may be inserted as exhibits at the end of my observations so all the references I have been making may be readily identified by Senators who may wish a bill of particulars.

The PRESIDING OFFICER. Without objection, that will be done.

(See exhibits B, C, and D.)

Mr. VANDENBERG. Mr. President, it would be absurd to pretend that these statistics are conclusive. They are not. One of the great tragedies of the present situation is that we have not, during all of this depression period, developed any accurate census of unemployment and these related factors in serving the distress problem. These figures are only an index. But, I repeat, they demonstrate some of the imponderable variations and discriminations. Any rule which the human mind might devise will be vulnerable to some attack. I simply argue that the variations and discriminations will approach a minimum in proportion as local responsibility is invoked in terms of minimum cooperation.

The substitute which I have offered sets this minimum cooperation at 25 percent. I am not suggesting that State and local funds shall match the Federal funds dollar for dollar as has been our traditional custom. I am suggesting the far more liberal ratio of three Federal dollars for one State and local dollar with an added discretionary fund for tolerance and emergency. But this will level off the peaks and valleys and command substantial equity between the States. It may be significantly noted in this connection that the average percentage of total relief expenditures from Federal funds for the calendar year 1935 was 74.4 in continental United States. Therefore, my proposed ratio is the average. It may also be noted that the average State and local contribution to relief for the period from January 1933 to September 1935 is 22.2 percent. My proposed formula increases this figure by only 2.8 percent. It is the nearest possible approach to a rule of reason.

But I contend that all our experience demonstrates that when local responsibility is restored, and when the heavy burden of Federal administration is abandoned, and when we confine ourselves to the immediate relief and work-relief problem, shorn of all the costly experimentation which now eats away so large a share of our relief funds, the net result will be relatively advantageous to every State and to the sum total of all the victims of depression within each State.

Let me summon another interesting witness. One may or may not be partial to the views of Mr. Walter Lippmann, the well-known columnist who, I concede, is now anathema in some high quarters where he was once an oracle so long as he was their unfailing eulogist. But no one can dismiss his powers of analysis, nor can anyone justly discard him as a mere partisan special pleader. Mr. Lippmann significantly says:

The problem never will be soluble as long as Washington undertakes to fix relief standards and wage rates. The system is, as it were, upside down. What ought to be decided in Washington is how much Federal assistance must be given to the States in order to relieve unemployment and need at the rate determined by the States.

The question for Washington should not be: How much income and what wage does a man need in the township of Hopkins in Farley County, in the State of Roosevelt? That is an impossible question for Washington to answer.

The question should be: How much assistance must be given to the State to match what the State, the county, and the township have decided they must spend?

The mysteries and paradoxes of relief would begin quickly to resolve themselves once the system were turned right side up. For the size of the appropriation would then be determined by what the States and localities are themselves willing to finance. As it is today, they are determined by Mr. Roosevelt's and Mr. Hopkins' guess at what it would be desirable to spend.

There we have the same old challenge in different dress. Turn the system "right side up"—go back to the State as the unit of administrative decision and responsibility—and the perplexities will begin to resolve themselves. In other words, rely upon a principle rather than upon a device. That is the burden of my plea.

I go back to President Roosevelt's own statement of June 14, 1933, to a conference of Governors and State emergency relief administrators in Washington. The President then said:

The Emergency Relief Act is an expression of the Federal Government's determination to cooperate with the States and local communities with regard to financing the emergency-relief work. The Federal Emergency Relief Administration has acted on the principle that it means just that. It is essential that the States and local units of government do their fair share. They must not expect the Federal Government to finance more than a reasonable proportion of the total.

There have been many swift changes in policy since that sturdy sentiment was uttered. One of the greatest vices in the situation has been this lack of constancy in the design and pattern of our Federal purpose. There has been a progressive desertion of State and local responsibility; a progressive expansion of Federal domination and contribution, and with it a progressive growth in Federal bureaucracy. I maintain it is time to turn back to the sound principles upon which we relied when we started. There is nothing but grief, extravagance, and ominous prophecy in continuing blindly to pursue these later devices. The relief problem must be adequately met; but it must be met without imposing unbearable burdens on present and future generations. As has been well said, we must keep clearly in mind not only the fifth of our population who are out of work but also the four-fifths who are at work and on whose shoulders the burden of paying for our relief problem now falls.

I repeat that the program has progressively changed. From February 1932 to November 1933 it was characterized chiefly by Federal grants-in-aid to State and local governments. The original formula called for \$1 of Federal money for \$3 of State and local money—the precise reverse of the more liberal formula which I now propose—with additional discretionary funds for extraordinary situations. The next formula was the dubious C. W. A. program from November 1933 to April 1934, when the Federal Government embarked upon "make work" relief projects. It costs a cool billion; and no one subsequently condemned it by more vigorous inference than the President himself. The next period bridged the gap to the inauguration of W. P. A. in the autumn of 1935 and put its emphasis upon work-relief and special-relief projects. The final period is the contemporary W. P. A. regime characterized by a complete withdrawal of Federal grants-in-aid to States, a complete break-down in local responsibility, a complete abandonment of the initial Presidential purpose, and a complete substitution of a vast work-relief program with countless social experiments attached. I respectfully but earnestly submit that we have learned from this experience that we must return to first principles.

If present trends persist, the Government of the United States will be driven straight to bankruptcy because, if our experience is any criterion, we see that the present system feeds and builds upon itself. As economic conditions improve, the relief load multiplies. No responsible Government official dares ignore such a terrific challenge. It is too utterly hopeless to contemplate the anomaly of a great increase in relief rolls and a still greater increase in relief costs in spite of an encouraging revival of industrial production, and an increase in national income, particularly farm and labor income. You cannot run away from the challenge. It is here, confronting the wisdom and the conscience of the Senate. You may continue—smugly and expediently—to ignore it. You may, a little longer, hide the reality behind a facade of lofty humanitarian orations. You may "whistle through the woods." But your deadly problem will soon catch up with you.

President Roosevelt himself said in his relief message of last March 18 that there are still 5,300,000 families and unattached persons in need of relief—which is 300,000 more than the year previous.

During this recent 2-year period, when relief costs of all kinds have increased 600 percent and relief rolls about 40 percent, factory employment has increased 30 percent, factory pay rolls increased 62 percent, and national income increased 10 percent. Boast of the latter figures all you

please, but I say to you that the more emphasis you put upon them the more appalling becomes the contemplation that your relief program is a deadly, devastating mistake. The increased number on relief rolls, in the presence of better economic times, is itself a warning that there is something wrong and that you had better give up this vain effort to run the intimate life of this vast country from a centralized authority at Washington.

But it has been the sudden shifts in the relief programs, the growing tendency to favor "make work" projects rather than home relief grants, and the undertaking of numerous special experimental programs rather than the increased number on relief rolls, which threatens your Budget with permanent and fatal dislocation. In all honesty I know of but one answer, and that one answer is to restore home responsibility to the States for making and then policing these relief decisions.

The present Federal program not only costs too much—often because of expenditures which never actually serve those whom we would protect—but it fails to meet the needs of many families not reached by Federal work projects who cannot receive adequate care from their local communities without some Federal aid. It is a situation crying out for a practical solution which shall warrant humane and adequate treatment of all worthy families now in need of relief, yet which shall stay within the financial resources of Federal, State, and local Governments. It seems to me that thoughtful citizens must be driven to the conclusion that the only solution will return to a cooperative system of relief in which major responsibility will be returned to State and local governments, where it logically belongs, while the Federal Government makes grants-in-aid to guarantee the major costs involved. Such a solution would leave to home-rule decision the discretion whether relief should be in the form of work-relief wages, cash home relief, or a combination of the two.

I have seen authentic estimates that while the total cost of all forms of relief to all units of Government in the next fiscal year will crowd four and one-half billion dollars if present plans are carried forward without modification, yet under home-rule auspices a home-relief and work-relief program combined can adequately serve 4,000,000 cases—the estimated load—for \$1,365,000,000, or a home-relief program alone can adequately serve 4,000,000 cases for \$960,000,000. It is a far cry from one to the other. If there be any validity in these estimates at all, my proposal for the next fiscal year is utterly generous. If anything, it is too generous because it surpasses the prospective needs. But I prefer to err on the side of generosity. It is vastly more important at the moment to restore a sound principle of action—a sound working program—than it is to argue over a few hundred millions of dollars, although these still are sums that ought to command respect.

I frequently disagree with the National Economy League, but I refuse to run away from logic, no matter what its source. The league's director of research, John C. Gebhart, has prepared a temperate, dispassionate, factual analysis of this problem, which reaches the following persuasive conclusion, in which I concur:

The Federal Government has already spent over \$6,000,000,000 for relief and work relief. If public works (P. W. A.) are included, we have already spent over seven and a half billion dollars in an effort to create jobs, to prime the pump of industry, and to furnish cash relief. Next year, if present plans are carried forward, the Federal Government will spend \$4,000,000,000 for relief, work relief, and public works. So long as this program continues, the Federal Budget cannot be balanced, and we shall continue to run into debt to the extent of \$4,000,000,000 a year.

We face two interrelated problems: We must balance the Federal Budget if we are to avoid inflation, unbearable taxes, or both; we must devise a system of cooperative relief for destitute families which is effective and humane and which can be kept within revenues of Federal, State, and local governments.

This study of the various experiments with relief and work relief, their practicability and their costs, is offered in the hope that it will aid in the solution of this problem. Our experience with 4 years of Federal relief leads, we believe, to but one conclusion: We must stop pouring out Federal funds for costly and cumbersome work-relief programs, centered in Washington, and return to a program which places the responsibility for the administration of relief on State and local governments, with Federal assistance confined to grants-in-aid to States and localities.

Such a program will save the Federal Government nearly three and a half billion dollars a year and will not add to the financial burden for relief which States and localities are now carrying. It will make possible the balancing of the Federal Budget—the one factor most needed to restore business confidence and to promote private employment.

Mr. President, it is upon this theory of relief, sustained by these exhibits, that I have taken the liberty to submit this amendment, in the nature of a substitute. I ask that it may be referred to the Committee on Appropriations for proper attention and survey.

The PRESIDING OFFICER. The amendment in the nature of a substitute will be referred to the Committee on Appropriations.

Mr. VANDENBERG. When the original relief bill was before the Senate I voted in favor of amendment submitted by the able Senator from Colorado [Mr. ADAMS] and then an amendment submitted by the able Senator from Virginia [Mr. BYRD], each of which proposed to cut that \$4,880,000,000, one of them to \$1,880,000,000 and the other to \$2,880,000,000. I voted for both those amendments because I believed that on a proper basis the relief problem thus could be met.

The argument I am presenting today is completely consistent with my attitude at that time because I continue to be ready to vote for whatever relief appropriations are essential to meet the fundamental challenge, but I am not willing to continue a system which is shot through with inequity, which is prejudiced inevitably by political administration, no matter how nobly the man at the top may attempt to administer it, and which cannot continue at the present rate of spending if a solvent Republic is to be preserved.

#### EXHIBIT A

Amendment in the nature of a substitute intended to be proposed by Mr. VANDENBERG to House bill 12624: Strike out from line 9, on page 21, down to line 14, on page 25, and insert in lieu thereof the following:

"To provide adequate home relief and/or work relief, including the cost of administration thereof, in the United States and its Territories and possessions, in cooperation with these subdivisions and on the basis of their administrative responsibility and pursuant to their decisions respecting the character of relief within their jurisdictions, \$1,425,000,000, to remain available until June 30, 1937, subject to the following terms and conditions:

"(a) This appropriation shall be available for payment of grants in aid to the States, Territories, and possessions in the following classifications: (1) \$100,000,000 for emergencies, \$1,325,000,000 for regular allocations.

"(b) The sum designated for emergencies shall be available for grants in aid by order of the President to meet any extraordinary or unforeseen contingencies, according to the discretion of the President, and without regard to any other requirements in this section; provided that this sum also shall include the expense of Federal administration of the entire relief appropriation.

"(c) The sum designated for allocations shall be allocated by the President at his discretion with due and equitable regard for all of the following factors: (1) Relative population; (2) relative unemployment; (3) relative living costs, including seasonal and climatic conditions; (4) relative financial resources.

"(d) The sums allocated under subsection (c) shall be paid on a quarterly basis by order of the President to the States, Territories, and possessions when (1) the Governor of each subdivision, or the District Commissioners in the case of the District of Columbia, shall have certified to the President that he has appointed a bipartisan board of relief trustees, who shall become custodians for the receipt and disbursement of the Federal grants in aid; and when (2) each such board of relief trustees shall have certified to the President that its subdivision or any unit thereof has provided, or is prepared to provide, not less than 25 percent of the cost of the relief programs, including cost of administration, which each such board of relief trustees shall designate to receive the Federal grants in aid.

"(e) Each subdivision shall decide through its own duly constituted authorities, with the approval of its board of relief trustees, what type of relief shall be undertaken, and each subdivision shall assume full administrative authority therefor; provided only that any such relief shall be distributed without discrimination on account of race, religion, or political affiliations. Any person who knowingly violates this provision in connection with the allocation or administration of any such grant, or who knowingly makes any false statement in connection with any applications or reports that may be required by this section, or who solicits or receives political contributions from any other person on relief or connected with the administration thereof, shall be deemed guilty of a misdemeanor and fined not more than \$2,000 or imprisoned not more than 1 year, or both.

"(f) Each board of relief trustees shall furnish such reports from time to time as may be required by the President, and shall account for the expenditures of all Federal funds disbursed by it,

and such reports shall include comprehensive information respecting all phases of relief needs that may be required hereafter in determining future grants in aid.

"(g) There is hereby reappropriated for the purposes described in subsection c, and in addition thereto, all unobligated and unexpended balances of the amounts appropriated by the acts approved June 16, 1933, February 15, 1934, June 14, 1934, and April 8, 1935, or such portions thereof as the President shall deem necessary. Any unexpended balances at the end of the next fiscal year shall be returned to the general fund of the Treasury.

"(h) The President is authorized to prescribe such rules and regulations as may be necessary to carry out the purposes of the foregoing appropriations in this section."

#### EXHIBIT B

*Direct relief costs per family (cents omitted) for 1933, 1934, and 1935*

##### GROUP 1

	Federal	State and local	Total
Wyoming	\$1,619	\$156	\$1,775
District of Columbia	1,256	457	1,714
Montana	1,141	145	1,287
California	1,087	530	1,617
Illinois	1,005	328	1,333
Idaho	1,003	189	1,193
Oregon	985	255	1,240
New York	968	858	1,827
Wisconsin	961	364	1,326
Average	1,114	365	1,479

##### GROUP 2

	Federal	State and local	Total
Colorado	\$955	\$175	\$1,131
Washington	925	207	1,132
Massachusetts	895	813	1,709
Maryland	891	336	1,227
Minnesota	889	274	1,164
South Dakota	885	100	985
Louisiana	840	26	867
Utah	840	224	1,064
Michigan	837	302	1,140
Arizona	831	144	975
Average	879	260	1,139

##### GROUP 3

	Federal	State and local	Total
Pennsylvania	\$814	\$334	\$1,149
New Jersey	802	370	1,172
New Mexico	792	28	821
Nebraska	791	239	1,030
Kansas	763	282	1,015
North Dakota	762	121	883
Ohio	756	217	973
Maine	732	714	1,447
Georgia	711	39	751
Average	769	200	1,030

##### GROUP 4

	Federal	State and local	Total
Vermont	\$660	\$506	\$1,167
Missouri	657	192	850
Connecticut	647	826	1,473
Virginia	646	70	716
Arkansas	637	23	660
Florida	616	31	647
Indiana	614	336	951
New Hampshire	613	759	1,372
West Virginia	570	74	644
Iowa	556	406	962
Average	622	322	944

##### GROUP 5

	Federal	State and local	Total
South Carolina	\$542	\$11	\$553
Tennessee	533	37	571
Mississippi	521	20	542
Rhode Island	519	798	1,317
North Carolina	518	17	535
Alabama	516	29	545
Texas	438	117	555
Oklahoma	393	59	453
Delaware	383	563	947
Kentucky	369	56	426
Average	473	171	644
Nevada, with the highest average of relief costs of any State, is not included in any of the above groups.			
The tabulation for Nevada follows:			
Nevada	3,077	395	3,472

## EXHIBIT C

Comparison of State and local contributions to emergency relief with indexes of taxpaying ability of States

State	Percent emergency relief expended from State and local funds <sup>1</sup> January 1933 to September 1935	Rank in percent of relief expended from State and local funds	Rank in per-capita wealth <sup>2</sup> (1929)	Rank in per-capita personal income <sup>3</sup> (1929)	Rank in per-capita taxpaying ability <sup>4</sup> (1930)
Alabama	5.1	41	48	45	47
Arizona	14.8	30	14	18	20
Arkansas	3.6	44	45	47	45
California	33.5	10	28	4	7
Colorado	15.9	28	20	20	21
Connecticut	56.1	3	9	5	6
Delaware	60.0	1	31	2	4
District of Columbia	25.6	17	10	3	4
Florida	3.8	43	38	31	35
Georgia	5.0	42	47	44	46
Idaho	15.3	29	7	28	26
Illinois	24.8	19	25	8	10
Indiana	33.5	11	29	27	31
Iowa	41.0	9	5	35	12
Kansas	26.7	16	15	30	22
Kentucky	13.3	32	46	42	43
Louisiana	3.1	47	41	40	44
Maine	48.2	4	32	24	32
Maryland	27.6	14	33	14	23
Massachusetts	47.8	5	16	9	9
Michigan	26.7	15	34	11	15
Minnesota	22.1	21	12	26	24
Mississippi	2.6	48	49	48	49
Missouri	22.1	22	27	22	28
Montana	11.9	34	4	19	13
Nebraska	23.6	20	6	32	17
Nevada	9.4	38	1	7	2
New Hampshire	46.2	6	18	23	30
New Jersey	30.9	12	21	6	5
New Mexico	3.1	46	37	37	39
New York	45.8	7	22	1	3
North Carolina	3.3	45	43	46	42
North Dakota	12.6	33	11	39	34
Ohio	21.9	23	24	15	18
Oklahoma	13.4	31	42	34	37
Oregon	19.9	26	8	17	14
Pennsylvania	28.0	13	19	13	19
Rhode Island	59.6	2	23	10	11
South Carolina	1.9	49	44	49	48
South Dakota	9.8	37	3	38	27
Tennessee	6.8	40	39	43	41
Texas	21.5	24	40	33	38
Utah	20.1	25	17	29	29
Vermont	42.9	8	35	25	36
Virginia	10.1	36	36	41	40
Washington	19.3	27	13	12	16
West Virginia	10.7	35	26	36	33
Wisconsin	25.6	18	30	21	25
Wyoming	7.3	39	2	16	8

<sup>1</sup> Data from CONGRESSIONAL RECORD (Jan. 30, 1936, p. 1228). The period covered by this data is believed to be most representative of what took place during the life of F. E. R. A. since it covers practically the whole period in which extensive grants were made. Shifting of the load to W. P. A. began in the fall of 1935, with the result the total expenditures for emergency relief declined from \$188,571,767 in May 1935 to \$70,555,119 in December 1935. The proportionate contribution by the Federal Government declined due to the fact that W. P. A. attempted to care for all employables.

<sup>2</sup> Based on National Industrial Conference Board estimates.

<sup>3</sup> Based on Brookings estimate in America's Capacity to Consume (p. 173).

<sup>4</sup> This is taken from Mabel Newcomer, An Index of the Taxpaying Ability of State and Local Governments (New York (1935), p. 59). This index was constructed by applying a model tax system to each of the States and determining the yield from each of the component taxes. The taxes used in the system are as follows: Real property, \$20 per thousand dollars of full value; severance tax, 2 percent gross on oil and gas; personal income, rates vary from 1 to 6 percent; business net income, 4 percent on corporations and 2 percent on unincorporated enterprise; the incorporation of business enterprises, 0.5 of 1 percent of value of stock; stocks transfer, 0.04 of 1 percent of value of stock; liquor varies from 3½ cents per gallon of beer to \$1 per gallon of whisky; and a progressive tax on inheritances ranging from 1 to 10 percent. This model tax system is practically the same as one developed by a committee of the National Tax Association.

## EXHIBIT D

Allocation of funds under the Emergency Relief Appropriation Act of 1935 compared with relief cases by States

State	Relief cases, <sup>1</sup> June 1935	Total funds, all agencies	Total W.P.A. funds	Total funds per case	W.P.A. funds per case
Alabama	83,832	\$64,446,977	\$17,421,545	\$768.76	\$207.81
Arizona	20,387	37,921,823	5,198,424	1,860.10	254.99
Arkansas	74,160	59,820,101	14,366,301	806.64	193.72
California	241,327	269,228,356	77,061,694	1,115.62	319.32
Colorado	62,889	58,961,687	17,863,127	937.55	284.04
Connecticut	42,310	38,996,427	14,026,505	921.68	331.52
Delaware	4,149	7,043,767	1,645,972	1,697.70	396.72
District of Columbia	18,603	24,488,834	6,594,933	1,316.39	354.51

<sup>1</sup> Data on allotments from House of Representatives hearings on first deficiency appropriation bill, 1936.

<sup>2</sup> Data from F. E. R. A. monthly report for June 1935.

Allocation of funds under the Emergency Relief Appropriation Act of 1935 compared with relief cases by States—Continued

State	Relief cases, <sup>1</sup> June 1935	Total funds, all agencies	Total W.P.A. funds	Total funds per case	W.P.A. funds per case
Florida	64,747	60,158,797	14,789,117	929.14	228.41
Georgia	77,003	68,423,966	19,116,876	888.59	248.29
Idaho	20,776	39,711,106	4,862,907	1,911.39	234.06
Illinois	303,936	241,365,688	85,387,356	794.13	280.94
Indiana	114,857	86,566,102	40,040,009	753.69	348.61
Iowa	49,929	46,958,400	12,968,713	940.50	259.74
Kansas	79,935	56,029,798	16,327,388	700.94	204.26
Kentucky	107,556	62,851,211	18,949,291	584.36	176.18
Louisiana	64,051	53,820,041	17,052,315	840.27	266.23
Maine	22,169	26,947,502	4,743,244	1,215.55	213.96
Maryland	38,320	53,447,970	11,179,104	1,394.78	291.73
Massachusetts	186,528	149,407,527	50,670,372	800.99	271.65
Michigan	168,785	135,751,398	45,070,145	804.29	267.03
Minnesota	104,125	95,099,363	29,677,101	913.32	285.01
Mississippi	59,169	48,107,380	11,227,113	813.05	189.75
Missouri	146,826	98,882,133	32,557,031	673.46	221.74
Montana	26,257	55,152,690	7,365,238	2,100.49	280.51
Nebraska	44,404	49,019,832	10,206,349	1,103.95	229.85
Nevada	3,030	12,103,165	1,393,762	3,944.44	459.99
New Hampshire	14,322	13,978,178	3,589,440	975.99	250.62
New Jersey	157,092	120,792,564	45,386,890	768.93	288.92
New Mexico	30,868	39,822,407	5,556,104	1,290.09	180.00
New York	541,138	548,965,954	259,734,795	1,014.47	479.93
North Carolina	70,759	57,946,689	\$12,174,890	\$818.93	\$172.06
North Dakota	39,944	31,639,395	5,282,211	792.09	132.24
Ohio	323,178	221,539,879	91,018,680	685.50	281.64
Oklahoma	118,526	77,516,000	26,285,339	654.00	221.77
Oregon	30,035	41,951,111	8,970,339	1,396.74	298.65
Pennsylvania	473,040	317,721,910	123,431,402	671.65	260.93
Rhode Island	18,661	16,768,545	6,658,024	868.59	356.79
South Carolina	59,573	46,413,065	9,240,333	779.10	155.11
South Dakota	59,378	32,691,453	6,019,019	548.88	101.37
Tennessee	77,208	68,939,257	15,102,526	892.90	195.61
Texas	198,316	166,310,825	34,997,881	838.62	176.43
Utah	26,798	28,910,252	6,951,844	1,078.82	259.79
Vermont	8,410	15,879,899	2,146,025	1,888.22	255.18
Virginia	52,182	57,370,734	11,695,941	1,099.44	224.14
Washington	67,894	\$85,206,559	\$17,193,235	\$1,264.30	\$255.12
West Virginia	88,642	63,957,213	21,476,388	721.52	242.28
Wisconsin	107,250	98,307,120	30,697,576	916.62	286.22
Wyoming	7,282	26,750,498	2,798,526	3,673.51	384.31
Continental United States	4,800,056	4,173,969,570	1,334,179,370	869.57	277.95

<sup>1</sup> Includes some duplication of families or individuals who received relief under both the general relief and rural rehabilitation programs.

Mr. ROBINSON. Mr. President, the Senator from Michigan [Mr. VANDENBERG] has precipitated in the Senate the issues, or some of them, involved in the work-relief bill which passed the body at the other end of the Capitol yesterday and which was received in the Senate today.

For that action the Senator is not to be condemned. We all understand that one of the subject matters which it is important shall be considered and acted upon before the end of the present session of the Congress relates to relief; and by presenting promptly his substitute and his views concerning the proposed legislation, the Senator has perhaps facilitated its final disposition.

We all realize that the problems connected with unemployment relief are not easy of solution. For my part, I do not contend that any plan which has been proposed or adopted is approximately perfect. Indeed, it seems readily maintainable that the subject is so affected with complications and difficulties that no plan which may be devised would meet the very highest standard of efficiency.

No doubt the Senator from Michigan feels that the plan he has proposed would constitute a great improvement over that incorporated in the bill passed by the body at the other end of the Capitol. His whole argument has been based on the assumption that work relief as now administered is controlled by political influences, and that work relief as he proposes it shall be administered would be entirely free from any questionable influence and would be placed upon a basis of efficiency, thus assuring entirely satisfactory results.

There is nothing new in the proposal submitted by the Senator from Michigan. It was offered in the body at the other end of the Capitol, not in the identical form in which it is presented here but in substantially the same form. It was voted upon yesterday by the House of Representatives in connection with a motion to recommit the bill with instructions. By reference to page 7021 of the CONGRESSIONAL RECORD it appears that in the body at the other end of the

Capitol a motion was made to recommit the bill with instructions to substitute the following language:

That for the purpose of providing direct relief in the United States, its Territories and possessions, and the District of Columbia, there is hereby appropriated the sum of \$1,425,000,000; and there is hereby reappropriated for the same purpose all unobligated and unexpended balances, with the exception of allotments to the Civilian Conservation Corps, of the amounts appropriated by the acts approved June 16, 1933 (48 Stat. 274); February 15, 1934 (48 Stat. 351); June 14, 1934 (48 Stat. 1055); and April 8, 1935 (Public Res. No. 11, 74th Cong.), and to remain available until June 30, 1937, to be allocated and disbursed by the President to the States, Territories, and possessions, and the District of Columbia, for relief according to their respective need: *Provided*, That no part of this appropriation shall be allocated or paid to a State, Territory, or possession, or the District of Columbia, or subdivision thereof, which shall not contribute an amount equal to at least 25 percent of the total proposed expenditures, both local and Federal, and shall not administer such expenditures by and through a nonpartisan board.

While there are differences between the language employed in the substitute offered by the Senator from Michigan and that used in the motion to recommit with instructions just quoted, it is submitted to the consideration of the Senate that there is no substantial difference. The two are closely analogous. The results sought to be accomplished by each, as is conceded by the able Senator from Michigan, are about the same.

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

Mr. ROBINSON. Certainly.

Mr. VANDENBERG. I desire to confirm what the Senator is saying. The problem has been studied jointly by Members of the House and Senate, and the plan in the House and the plan in the Senate are as nearly alike as they could be.

Mr. ROBINSON. The Senator confirms the statement just made. The plan that is now presented as a substitute was worked out properly by those who are opposed to the system contemplated by the House bill, and it was first presented in the body at the other end of the Capitol.

Evidently the theories of the proponents of the substitute were not persuasive to the minds of the Members of the House of Representatives. That conclusion is sustained by the vote which was taken in the House. On page 7228 of the RECORD of May 11, 1936, there appears the vote on the motion to recommit, which included substantially the Vandenberg substitute for the House bill. The vote on that motion was—yeas 90, nays 287—more than three to one of those voting having opposed the substitute of the Senator from Michigan as expressed in the motion to recommit. To repeat, more than three times as many voted against the motion to recommit, with instructions incorporating the substitute, as voted for it. Following the vote just described, there was a vote on the passage of the bill. That is the bill which the Senator from Michigan proposes to amend by his substitute; and on the vote on the passage of the bill the yeas were 341 and the nays were 38.

Mr. President, do you realize what those votes mean? They mean that after months of criticism—some of it justified, some of it based purely on political considerations and prompted by political motives, as your present speaker conceives—the great body at the other end of the Capitol rejected by more than three to one the proposal which is now advanced here, and finally passed, by a vote of 341 to 38, the bill which has come to the Senate. Only 23 Members of the other body found it consistent with their duty and responsibility to vote against the passage of the bill. Three hundred and forty-one voted for it.

Of course, it may be said that the action taken by the other body is not conclusive of the action that should be taken here; but the point I am making is that although the Senator from Michigan spoke eloquently and persuasively, as he always does, his conclusions were based on assumptions which, in my judgment, are not sustained by sound reasoning.

What is his primary proposition? That the Federal Government shall pay most of the expense of work relief, but abdicate its responsibility in the administration of relief.

He says, "Turn back to the States and the local subdivisions of the States the entire responsibility of determining who shall be relieved and who shall not have help; give to the States the power of performing that function, using principally Federal moneys, and by doing that you will solve the great problem underlying the whole question", as the Senator conceives it; namely, that of eliminating politics from the administration of relief.

The record will show that there has been less politics in the administration of W. P. A. than there was in the administration of F. E. R. A. F. E. R. A. was under the control of the States and of the local subdivisions. I doubt whether there is any plan which human ingenuity can devise, although one may possess the powers demonstrated by the able Senator from Michigan, which will entirely eliminate politics from matters of this sort. The end sought is wholesome, the object is just, and we all wish to contribute as much as we can to its accomplishment; but I hope my friend from Michigan will not get the idea in his head that by vesting the administration of relief in Governors and county judges and other State and local authorities he will be eliminating politics, and making the administration of relief as spotless as the white robe of a virgin. [Laughter.]

Governors and State and county officers have to be elected. They are in politics as much as are Senators and Representatives, and it is absurd to say that you can wash the linen clean by abolishing Federal agencies and putting the responsibility wholly on local agencies.

Home rule is a good thing, but influences appeal to the residents of communities called upon to administer laws just as much as they sometimes appeal to officers of the Nation, and there would be more politics in the plan of the Senator from Michigan than there is in the plan of the House bill. The only difference would be that the politics in his plan would suit him a little better than the politics in the House bill plan. He knows what I mean, and all who hear me know what I mean.

But there is an unsound principle in the proposal that the Federal Government shall pay most of the cost or all of it, when necessary, and have no control whatever over the administration of the funds. What restraint would there be on the appropriation of relief funds if by mere trivial contributions the States or localities could enter into competition in efforts to procure Federal funds with no inhibition on the power or method of expenditure except those which are to be self-imposed?

You have not moved a step forward; you have not proposed an advance; nothing is accomplished so far as saving money is concerned or procuring better administration is concerned by taking away the existing supervision of expenditures by Federal agencies. As a matter of fact, the system now employed and that incorporated in the House bill is a system of divided responsibility. It does contemplate cooperation between localities and the National Government. There is nothing unjust, there is nothing improper, there is nothing unfair in the suggestion that the localities be required to contribute as they may be able to contribute to relief programs. But the proposal to make the Federal Government provide the funds and yet deny it supervision over the expenditure of the funds cannot be justified.

Under F. E. R. A. there were contests between States and localities in efforts to secure liberal allotments, each State, through its public authorities, making demands for as much as those authorities felt could be justified. Now it is proposed to reestablish that system, and it is proposed in the name of perfecting the existing system.

How does the substitute propose to reestablish local responsibility? The argument of the Senator from Michigan, as I heard it ably presented, really is based on the theory that the whole problem ought to be relegated to the States and their local subdivisions, that the Federal Government ought to get out of the relief business. Of course, that is a desirable end. All of us would like to see brought about a situation in which we could discontinue making these appropriations. But, Mr. President, the significant thing in all

these proposals is that not one of those offered as a substitute contemplates reducing by one dollar the amount that is included in the House bill—the amount suggested by the President. They talk economy; they discredit by arguments; and if you read the speech of the able Senator from Michigan, you will find running all the way through it expressions of contempt for any relief system. But when they propose to change it, they do not even suggest a reduction in the amount to be expended by the Federal Government.

The provision in the House motion to recommit and in the substitute of the Senator from Michigan each says, "There is hereby appropriated, or authorized to be appropriated, \$1,425,000,000 for the purposes of work relief"—the exact amount suggested by the President—"to be allotted by the President to the States, and to be expended by the States." Wherever possible, local agencies are to supply 25 percent of the amount to be expended. I repeat, there is no objection to a requirement of that nature, with that qualification, where it can be met. Some of the States have had their credit greatly improved by reason of the activities of the Federal Government, by reason of the measures which the Government has passed and enforced. There is no reason which appeals to my conscience and judgment why they should not be expected to assist in the performance of this monumental task; but there is a discrepancy, an irreconcilable discrepancy, between the proposal that the Federal Government shall pay 75 percent or 100 percent of the cost, and that the States, without restraint and guidance, or suggestion from the Federal Government, shall expend not only the amount raised by the States, but the amounts provided by the Federal Government. That is, the spending agency is to have no accountability for the amount to be supplied; the spending agency is to be invited to obtain all it can in competition with others occupying the same relationship to the subject. Quite naturally, the result would be that the different States and the different localities would compete with one another in efforts to secure recognition by obtaining comparatively large shares of the funds to be allotted, and when they had obtained them there would be no supervision, no general restraint. There would be 48, 50, or 54 different standards set up for the administration of the funds if there were no national regulation or supervision.

So you have not gone anywhere. You made a speech based on assumptions that do not stand the test of argument and reason. You would not eliminate politics by creating 48 separate political agencies. But, you say, the administration is to be by a nonpartisan board. You are going to have the administration by two Democrats and three Republicans, or three Democrats and two Republicans. Washington is now filled with so-called nonpartisan or bipartisan boards. I do not think very much has been accomplished by efforts to establish that system. The point is you want the Nation to provide the money. You are unwilling to give it any control whatever over expenditures, except insofar as control is implied in authorization to the President to make an equal or equitable allotment of the funds to the States.

Much that the Senator from Michigan said is true. It is all based, however, on assumptions of fact that are not warranted by the evidence. Once you concede that his plan is the one pure, holy, and incorruptible plan for spending Federal money, his conclusions follow. But I answer, by arguments that neither he nor anyone else here or elsewhere can answer, that his plan has no such characteristics; that, like every other plan that has been devised, it is open to criticism, it is susceptible of objection, it involves weaknesses. I am sure that in the study of this subject the body at the other end of the Capitol did what it believed was best. I am sure that in further study of this subject the Senate Committee on Appropriations and the Senate will do what is found to be best. The fact that the House discredited the scheme of the Senator from Michigan by 341 votes to 38, as implied in the vote on the passage of the bill, and by 287 votes to 90, as expressed in the direct vote on the motion to recommit—these facts establish irresistibly the conclusion

that the proposal of the Senator from Michigan is not what he believes it to be, is not what the proponents of the substitute contend it should be.

I shall not attempt at this juncture to enter into a further discussion of the subject; but, Mr. President, I was unwilling that the Senator from Michigan should succeed in his effort to make the bill unpopular on the theory that he had a far better plan which could only be objected to on the ground of partisanship. The plan in the bill is better than his plan. Both plans will have to meet the test of fire, of thought, and debate, and I conceive that the result in the Senate will be comparable to that in the House of Representatives.

Mr. BYRNES. Mr. President, I share the wish of the Senator from Arkansas [Mr. ROBINSON] that we might at this time return to the States this very perplexing problem. However, we know that it is impossible. I think the Senator from Arkansas has shown that by adopting the suggestion of the Senator from Michigan [Mr. VANDENBERG] we certainly would not eliminate political consideration from the administration of W. P. A.

There is still another thought. W. P. A. is now functioning. Organizations have been perfected. If at this time we should undertake to change the whole system and to authorize the Governor of Michigan, for instance, to take charge of the administration of the organization in his State, and if the Governor of Michigan, being of the opposite political party from the administration here, should change the administration of W. P. A., the only result would be that the organization would be disrupted and there would be delay in the functioning of the all-important agency at this time.

I am surprised that the Senator from Michigan, in seeking information on the subject, should go to the American Association of Social Workers. From a letter, a copy of which is before me, from a citizen of his State I am advised that the thought of that association of social workers is that we should return to the dole. The Senator, therefore, is quoting a group of social workers employed by private individuals and private organizations in the country to support an argument which he is making against their view because, as I understand, he is not in favor of returning to direct relief.

It seems to me instead of going to the Institute of Public Opinion, published in the New York Herald Tribune and the Washington Post, for information as to W. P. A. and what the people think of it, he should go to his own State of Michigan and should take the trouble to inquire as to the opinion of responsible officials of county and city governments and of the State officials of the State of Michigan. Had he done that he never would have made the argument which has been submitted this afternoon in criticism of W. P. A.

From his own home town of Grand Rapids I read what was said in the Grand Rapids Press about W. P. A. Listening to the Senator from Michigan one would think its operation in Michigan had been corrupt, had been inefficient, that there had been waste of money, and that it was a proper subject for condemnation. But here is what the newspaper in his home city said about it:

Popular funsters and radio wise talkers frequently make the W. P. A. worker the butt of their jokes. Recently a radio straight man inquired, "Are you a statue?" Whereupon the comedian retorted, "No; a W. P. A. worker." For the sake of a laugh such wit seems rather cheap.

Unqualified approval of the W. P. A. program in Grand Rapids is contained in a letter received by Harry L. Pierson, Michigan administrator, from Peter A. Kammeraad, Grand Rapids director of public service.

Kammeraad praised not only the rate of absorption of workers from the relief rolls but the quality of work by these crews in Grand Rapids streets.

He made special comment on the safety measures employed by the W. P. A. to protect these men, many of whom are doing this type of work for the first time.

"We are pleased to report," Kammeraad wrote the administrator, "on the successful operation of the W. P. A. in the city of Grand Rapids, both from an employment standpoint and to set forth some of the handicaps overcome in putting men to work.

"At the present time we have between 1,400 and 1,500 men employed on various W. P. A. projects, and as far as we are able to determine the men are highly pleased with the employment and the manner in which the work is being handled. This, of course, is most gratifying to the officials in charge."

Concluding, he said:

It is our opinion today that the type of work being turned out by these men is equal to that which might be done by a private contractor. Consequently a very high grade of street pavement is being constructed, which we are sure will be to the greatest satisfaction of the general public.

Then from the mayor of the city in which the Senator lives comes a commendation of W. P. A. The mayor said, among other things:

I believe that most of the men employed understand that the W. P. A. is a means of earning a livelihood rather than accepting charity. Consequently they are well satisfied with the opportunity to do so.

The city of Grand Rapids, in which the Senator lives, is governed by a commission. That commission, through its chairman, Henry W. Walstrom, on March 26, 1936, wrote as follows:

With reference to the opinion of myself, as well as, I am sure, the majority of the Board of Supervisors of Kent County regarding the W. P. A. program, I am pleased to advise that while the county has been somewhat limited along this line because of the city of Grand Rapids handling its projects as a separate unit, we feel that whatever experiences we have had as a county have been very satisfactory.

All our work has been of a substantial nature and we know that there has been no project but what was warranted and would stand on its merits.

The personnel of the W. P. A. local office is such that our relations have been most cordial and friendly, and as for myself, there is no criticism whatever that I would offer in considering all conditions and situations which had to be confronted.

Mr. President, I now desire to quote from a letter written by the principal of the schools at Hamtramck, Mich., who said, among other things:

I belong to the Republican Party, but I believe Franklin D. Roosevelt was right when he said, "If industry will not furnish employment, the Government will." The social structure of our Nation is so complex that the United States Government should accept the responsibility for maintaining employment. We school people have seen enough of the grim tragedy of unemployment so that we are very anxious to have the W. P. A. continued.

He wants the United States Government to assume the responsibility for administering W. P. A. He does not share the views of the Senator from Michigan that it should be returned to the States.

The Senator from Michigan, in quoting many people, mentioned only one from his State that I can recall. From the county of Wayne, Huron Township, the director of the assessment record project in Wayne County, after praising the projects which have been undertaken by W. P. A. in that county, says:

It is the sincere hope of the sponsors of this project that its work may be continued and completed under the auspices of the Works Progress Administration. Such completion will accomplish a valuable and constructive piece of work for the county of Wayne and give employment to a group of white-collar workers whom we know to be competent and efficient.

Mayor Couzens, of the city of Detroit, also writes commending W. P. A. for the kind of work that has been done in the city of Detroit.

The book which I hold in my hand contains letters from nearly every mayor in the State of Michigan and from county officials in nearly all the counties in Michigan. The Senator from Michigan will look in vain through this list of letters and telegrams from the officials of the cities and counties of his State if he looks for one letter sustaining him in his criticism of W. P. A. With unparalleled unanimity they command W. P. A. for what it has done, and they urge the continuation of the Works Progress Administration.

Because the speech of the Senator from Michigan contains many insertions, I ask permission to have printed in the RECORD some letters contained in this book from officials of cities and counties in the State of Michigan.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The letters are as follows:

PETOSKEY, MICH., March 24, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

Cheboygan, Mich.

GENTLEMEN: It has come to the attention of the city officials of Petoskey that the United States Government intends to discontinue the work of the W. P. A. program.

The work now handled by the W. P. A. will have to be taken over by the States and local governmental bodies if this work program is discontinued, and it is our belief that with the existing organization and the experience you have obtained, the work can be more efficiently handled as a United States Government agency.

Business is on the upgrade but still many laborers are and will be out of work the coming summer due to the demand of private industry not being able to take up the slack.

Yours very truly,

P. T. MITCHELL,  
City Manager, Petoskey, Mich.

Mr. ABNER E. LARNED,

National Emergency Council,

415 Federal Building, Detroit, Mich.

DEAR SIR: I wish to state that the W. P. A. is certainly a big help toward solving our relief problem, and I think the men they have handling the affairs are very capable.

Yours very truly,

E. D. VINCENT,  
County Clerk, Presque Isle County, Rogers City, Mich.

STANDISH, MICH., March 28, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

District Office, Clare, Mich.

GENTLEMEN: The city of Standish, through its mayor, wishes at this time to express its appreciation to the several public-works administrations for the great assistance they have been to us during the past 3 years.

The Works Progress Administration has financed for us one of the finest waterworks systems in the country; the C. W. A. has built for us a fine new city hall, and for our county an addition to the courthouse, and new garage for the road commission. Now, through the W. P. A., we have street widening, water-main extensions and addition to the high-school building project awarded and these will be built immediately.

It would have been years before we, with our small capital, could have acquired the improvements we now have. Not only this, but the working men of Standish and Arenac County have been employed for the past 3 years, which, in itself is a great thing.

The city is deeply grateful to the administration for the above. Yours very truly,

MARTIN SHANNON, Mayor.

BEAVERTON, MICH., March 24, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

District Office, Clare, Mich.

GENTLEMEN: We have about just completed a project in the city here and we are very well satisfied with it.

This was work that was needed very badly and I do not know how we could have carried on without your help, both as to man-hours and material.

Very truly yours,

L. J. BUDGE, Mayor.

ST. LOUIS, MICH., March 24, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

Clare, Mich.

GENTLEMEN: In replying to your letter of March 23 I want to say that in my opinion the sewer and water-main project we are now working on here is a very valuable one to St. Louis, as this city has been greatly in need of new sewer and water mains and there is no place where money could be used to greater advantage than in a project of this kind.

I think that all W. P. A. projects are very valuable and much needed in the different communities.

Yours very truly,

JAMES B. SUMNER, Mayor.

ALMA, MICH., March 25, 1936.

WORKS PROGRESS ADMINISTRATION,

District No. 2, Clare, Mich.

DEAR SIRS: The W. P. A. projects in Alma are working out very satisfactorily both to the city and to the unemployed in our vicinity.

We highly recommend the idea behind the W. P. A. and the results being obtained in our community.

Very truly yours,

CHARLES R. MURPHY,  
Mayor of the City of Alma.

Mr. F. S. SCHOUMAN,

Works Progress Administration,

601 Water Board Building, Detroit, Mich.

MARCH 25, 1936.

In my opinion the sewer and water-main project we are now working on here is a very valuable one to St. Louis, as this city has been greatly in need of new sewer and water mains and there is no place where money could be used to greater advantage than in a project of this kind. I think that all W. P. A. projects are very valuable and much needed in the different communities.

Mayor SUMNER,  
St. Louis, Mich.

F. S. SCHOUMAN,

Works Progress Administration, Detroit:

The W. P. A. projects in Alma are working out very satisfactorily both to the city and to the unemployed in our vicinity. We highly

MARCH 25, 1936.

recommend the W. P. A. and the results being obtained in our community.

Mayor MURPHY, Alma, Mich.

MARCH 25, 1936.

F. S. SCHOUMAN,

Works Progress Administration,

601 Water Board Building, Detroit, Mich.:

I am pleased to have this opportunity to extend to you the appreciation of the various agencies in our city and county whose task it is to assist in providing work for our unemployed for the very material contributions you have found it possible to make from funds made available through the Works Progress Administration. These additional funds have not only provided for the immediate needs of many of our people but have also made possible the earlier realizations of several much-needed improvements and additions. Assuring you of my desire to be of any service in the great task.

Mayor HORN,  
Mount Pleasant, Mich.

Copy of telegram sent to Mr. Harry L. Pierson, administrator, Michigan Works Progress Administration, dated March 25, 1936

Mighty good program in aiding the unemployed, also given our city developments which could not be otherwise financed. The city improvements completed and in progress would have been a great burden to the taxpayers without this aid.

JOHN BRUGGER,  
Mayor of Tawas City, Mich.

PINCONNING, MICH., February 25, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

Bay City, Mich.

GENTLEMEN: The Pinconning sewer projects are completed. Of course you know it, Mr. Krause, but what you do not know, is how much that means to us in Pinconning, that is why I am writing this letter to you.

Thanks to you and your Department, we today have a complete sewer system, capable of taking care of the needs of Pinconning. I think, however, and we are for the first time in the history of our city, able to give the west-end and south-end residents sewage facilities, that is because we accepted your recommendations as to the depth and size of the pipe. We could never do it ourselves, because of our total population, could never assume that burden, and working as we did, would take us years to complete what you and your Department did this year.

Another thing that personally I want to mention is the fact of cooperation, the way you did it. At no time was there any misunderstanding between your Department and ourselves, you and your men were very fair; we accepted your suggestion and you accepted ours in the spirit that they were given; in other words, you worked with us and we tried to work with you, and for myself and the council, I do say, thank you much, Mr. Krause. We are very much pleased with our sewers, and we hope that you are satisfied with us.

Again thanking you, I remain,

Sincerely yours,

JOHN W. JANKOWIAK,  
Mayor, City of Pinconning.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

Flint, Mich.

GENTLEMEN: Am taking this opportunity of bringing to you my views and impressions of the work being done, and also what has been completed in our village by the Works Progress Administration.

First: We have completed a much-needed sewer that had been talked of here for many years and yet the village had not felt able to finance without an increase in taxation which at this time was almost impossible.

Second: The water-works dam and river-improvement project that has been in progress since the autumn of last year is nearing completion. Both of these projects have been of the most worthy nature and have come at the most opportune time, benefiting the municipality financially as well as giving employment to a great number of men in our community who were without work, and also put into circulation many dollars that in turn went through the various channels of our community to benefit those not directly related to this work.

I do not know of any dissatisfaction on the part of any of the employees as far as I have been able to ascertain, and I believe that the executives in charge have done their several duties in a conscientious manner. There has been no rumor of friction between workmen and executives as many have been neighbors and friends all their lives.

This dam and river improvement project is a monument to this village, and our people are appreciative of the W. P. A. in helping to make Fenton a more progressive municipality.

As president of the village of Felton, speaking in behalf of my officials connected with me in my duties, as well as myself, I want to thank you and all members of your organization for your fine cooperation, and I am satisfied this same spirit will prevail during the completion of this project and any future work we undertake.

Any assistance I can render to you and your organization will be given in the most cheerful manner.

Sincerely yours,

HARRY LENNEN,  
President of the Village of Fenton.

CLIO, MICH., March 24, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

Flint, Mich., District No. 3.

GENTLEMEN: I wish to offer words of appreciation in behalf of the citizens of Clio for the Works Progress Administration for approving and allotting projects sponsored by officials of city of Clio.

I wish to mention W. P. A. project no. 3-102, which is the development of an old creek bottom formerly a pond into a park and playground; outdoor theater in connection.

The city of Clio has never had a park in connection with the city, and the citizens are looking forward to the completion of this park with considerable enthusiasm, as it will afford our citizens a place for recreation.

A large portion of the rough work has been completed, such as removing the old dam, straightening the creek bed, and widening the channel, removing old fallen timber and stumps, and grading and leveling land alongside of creek.

I wish also to mention W. P. A. project no. 3-353, which is the construction of a storm sewer draining the northwest portion of the city of Clio, known as the Center Street sewer.

The portion of the town served by sewer has had no sewer drainage, and in wet times of the year the roads and sidewalks were under water. A portion of this drain was through a deep cut and was too expensive for the city to undertake. While this project is uncompleted on account of frozen ground holding up its development, however, the citizens in this district look forward to the completion of this project with great anticipation.

I, as mayor of the city of Clio, for the citizens of Clio wish to offer our appreciation and whole-hearted support of the people of the city of Clio.

I also wish to offer words of appreciation to the officers of the Works Progress Administration at Flint, Mich., for their cooperation and assistance in working out of the details connected with putting these projects across.

Yours respectfully,

CHAS. E. TAYLOR,  
Mayor of the City of Clio.

BOARD OF EDUCATION,  
Richmond, Mich., March 25, 1936.

WORKS PROGRESS ADMINISTRATION,

Mount Clemens, Mich.

DEAR SIR: This community is very grateful to the Federal Government for its help in the building of the Roosevelt Civic Auditorium. We realize that we would not have had this building without President Roosevelt's plan.

The cooperation given us by the Mount Clemens and Flint offices has been very fine and we appreciate everything they have done to help us bring this building so near to completion. It fills a long-felt need in our little village-school system and will be a joy and benefit to many generations.

Very truly.

E. N. MCINTOSH.

FERNDALE, MICH., March 25, 1936.

WORKS PROGRESS ADMINISTRATION,

503 Peoples State Building, Pontiac, Mich.

GENTLEMEN: In the city of Ferndale we have had approved and have started work on six different W. P. A. projects. These projects include construction of lateral sewers, water mains, and the grading and graveling of streets. The sewers are all being constructed where there is an actual need for the work. Construction of the trunk sewers is eliminating an overloaded condition in existing trunk sewers, and we believe will prevent backing up of storm water in the basements.

The sanitary lines are either new lines where no sewers have been built or are replacing old shallow sewers which have been causing considerable trouble in the last few years.

The water main is connecting up a series of dead-end mains so as to give a circulating system in one portion of our city.

In the street-grading work, we are establishing grades on subdivision streets and graveling the streets so that they will be passable during the fall and spring rains.

All of the work which is being done under this program is work which is very much needed in our city, and which could not be done for a number of years, due to our high debt and low tax collections. The people are very appreciative of this work, and are pleased because of the fact that the program includes only constructive jobs.

Yours very truly,

THEO. L. DEGENHARDT, Mayor.

FARMINGTON, MICH., March 24, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

503 Peoples State Bank Building, Pontiac, Mich.

GENTLEMEN: I wish to express to you at this time the appreciation of the members of the city commission and the general public of Farmington City for the amount of W. P. A. work allotment we have had and the fine cooperation we have had from the county administration in furnishing us with labor and materials.

Our projects, consisting of sewer construction and water-main installation, is well along toward completion. These installations have been much needed for a long time and the opportunity to have them installed at this time under W. P. A. have been of great benefit to our city.

We certainly appreciate the number of projects that have been granted to us and assure you that every dollar has been well spent here in permanent improvements that will be of benefit to the public for years to come.

Accept my personal thanks for the cooperation given in carrying this along.

Very truly yours,

E. O. HATTON,  
Commissioner, D. P. W.

FERNDALE, MICH., March 25, 1936.

WORKS PROGRESS ADMINISTRATION,

503 Peoples State Building, Pontiac, Mich.

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Yours very truly,

THEO. L. DEGENHARDT, Mayor.

HAZEL PARK PUBLIC SCHOOLS,

Hazel Park Branch, Royal Oak, Mich., March 23, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

503 Peoples State Building, Pontiac, Mich.

GENTLEMEN: The W. P. A. project in operation in our schools is proving very satisfactory. The attitude of the men toward their work is better than in any previous public-works project and consequently the project is making good progress.

Much of the furniture that is being repaired, cleaned, and varnished had been neglected for the past 7 years due to lack of finances. It was so badly in need of repair that it was not conducive to the training of good citizenship.

We are very appreciative of the work that is being done.

Very truly yours,

JOHN E. ERICKSON,  
Superintendent of Schools.

Mayor Frank Couzens placed the city government of Detroit behind a continuance of W. P. A. for another year and opposed a return to the dole system in a report to the United States Conference of Mayors at Washington.

Couzens declared the city would be unable to finance relief without Federal assistance.

Praising the quality of W. P. A. projects, the mayor refuted charges of boondoggling in this area.

"Detroit sponsors have produced and can produce plenty of useful projects for a continuance of W. P. A.," he said.

"The largest single project in Detroit is sponsored by the department of public works," he pointed out. "It alone employs nearly 10,000 men and will repair and modernize 200 miles of unpaved streets. Such improvements are of sound benefit to the public."

Couzens urged the mayors to "exert every effort toward the establishment of a Federal work-program fund large enough to take care of the employables who are forced to accept relief."

John T. Millen, general superintendent of the Detroit zoo, is enthusiastic over the construction program undertaken by the Works Progress Administration to make the zoo one of the finest in the country.

"All projects now under way, and all that have been approved, were on the original master plan for the Detroit zoo," Millen said. "Some of these projects should have been carried out 7 years ago, but had to be postponed because of a lack of funds. Now, thanks to the Government's assistance, we are going to secure within the space of a few months a group of improvements that will give us the most beautiful zoological gardens in the country."

Speaking of the W. P. A. workers employed on zoo projects, Millen said:

"All in all, they are good workers despite the fact that many have been out of employment for years and some of them have never done manual labor. We do not push them; neither do we mollycoddle them. In the ordinary course of events it would take us 5 years to get the improvements we are getting through this program."

"The zoo is a universal attraction. It is open to all the people. An average of 2,000,000 people a year come here to see the displays we have arranged. They will find a vastly improved zoo when the gates are opened in the spring."

BOARD OF EDUCATION,  
Detroit, Mich., March 26, 1936.  
MICHIGAN WORKS PROGRESS ADMINISTRATION,  
Water Board Building, Detroit, Mich.

(Attention Mr. Frederic S. Schouman.)

GENTLEMEN: In answer to a request received this day, kindly be informed that the value of the improvements obtained for the public school system of Detroit through the W. P. A. channels are vast and extensive, and if continued, provided funds are made available, will greatly improve the condition of our public-school buildings and premises.

Yours very truly,

CHARLES A. GADD,  
Business Manager.

HIGHLAND PARK, MICH., March 26, 1936.

Mr. F. S. SCHOUMAN,  
Administrative Assistant, W. P. A.,  
Sixth Floor, Water Board Building, Detroit, Mich.

DEAR SIR: Replying to your recent request for an expression by city officials as the necessity and value of continuing the W. P. A. program, I wish to say that with the experience I have had with the works program in the last 3 or 4 years I am of the opinion that it is vitally necessary that this program be continued.

I am heartily in favor of the work that has been carried on in the past by the Federal Government. In Highland Park we congratulate ourselves on the works program that we have had here, and I feel that the projects that have been done are worth while and are of such nature that they will have saved the taxpayers of the community in expenditures that sooner or later would have to be made.

We have certain projects under way at the present time which it may be possible to complete by June 30. I am anxious that these projects be carried on to completion in the near future.

I can see nothing in the future but chaos after July 1 if this program is not continued, either by W. P. A. or a similar program.

Very truly yours,

JOSEPH M. HACKETT, Mayor.

HIGHLAND PARK, MICH., March 27, 1936.

Mr. F. S. SCHOUMAN,  
Administrative Assistant, W. P. A.,  
Sixth Floor, Water Board Building, Detroit, Mich.

DEAR SIR: I wish to write you about a project which I understand is being considered by the W. P. A. for the city of Highland Park, that is the field house proposed to be constructed at Ives Field located on Hamilton Avenue at Pitkin Avenue.

The city of Highland Park is very much in need of such a house. In my opinion this project is one well suited for our city and also one that in future years we might look to as a visible monument constructed by the Government to create employment for the unemployed.

The projects so far started and completed by the city under the programs of the W. P. A. and P. W. A. in most cases are of a permanent nature and have been of considerable value to our city and I for one would like to see these programs continued.

Thanking you, I am,

• Yours truly,

THOMAS E. SHAWCROSS, City Clerk.

DETROIT, March 26, 1936.

Mr. FREDERIC S. SCHOUMAN,  
Administrative Assistant,  
Michigan Works Progress Administration,

Water Board Building, Detroit, Mich.

GENTLEMEN: There are 10 W. P. A. projects in progress in the village of Ecorse, Wayne County, Mich., at the present time, giving employment to approximately 325 men. These projects include street improvements, sewer construction, water-main extensions, spraying trees, and public-building repairs. All of these projects are of great value to the municipality and will result in a great saving to the general budget, since practically all of these projects are urgently needed.

It is to be hoped that this Federal program will continue, particularly in view of the fact that greater progress can now be made since we have passed over the serious obstacles entailed while working during the past severe winter. These projects during the coming months of good weather can be accomplished at greatly decreased costs and with improved organization of the workmen. Even during the past week or two of good weather, the morale of the men on the job is greatly improved, which has been indicated by the results and workmanship obtained on the various jobs.

Very truly yours,

MASON L. BROWN & SON,  
P. G. BROWN,  
Engineers.

WYANDOTTE, MICH., March 26, 1936.

Mr. HARRY L. PIERSON,  
State Director, W. P. A., Lansing, Mich.

DEAR MR. PIERSON: I wish to make an appeal for the continuance of W. P. A. work in our city. We are doing an exceptionally good job and, in fact, all of the jobs are of a successful nature to benefit the city a great deal; incidentally, it has taken a burden from our welfare relief.

We are ready now to start on five projects that have been O. K'd and we have seven other projects that are vitally necessary. Four jobs are widening of streets in the business district and three important sewer jobs.

Therefore I am requesting you to do your utmost for the continuance of W. P. A. work in our city.

Sincerely yours,

T. A. DAVIS,  
Mayor of Wyandotte.

FORDSON BOARD OF EDUCATION,  
DEARBORN, MICH., March 24, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,

Water Board Building, Detroit, Mich.

GENTLEMEN: The Fordson Board of Education has gone on record to the effect of instructing me to write a representative of the W. P. A. a letter of appreciation for the benefits that have accrued to the Fordson school district through your assistance and cooperation.

During the worst years of the depression the board cut maintenance work in the schools to the lowest possible point. It was felt that it was much better to keep the education of the school children on a par with that of previous years rather than to keep the buildings and equipment in their former state of condition. Of course, as a result there was an enormous amount of maintenance work that accumulated. In a way it seemed that the policy of the board might have been a penny-wise one. And it was at this point that your help came as a godsend. Our schools have been brought up to a point of maintenance and condition that would have been utterly impossible under our maintenance appropriations alone. We esteem the Government's action on our behalf and we especially regard the courteous cooperation of your office.

Our type of work called for a large proportion of skilled labor. We thought at first that there might be a lot of grumbling on the part of the men who were employed on our projects because of their former rates of pay. However, we are happy to relate that the morale of the men was surprisingly fine in the overwhelming majority of cases. In fact, after the C. E. R. A. was discontinued many of them were willing to work and volunteered to do so for only the amount they received from dole. Perhaps you will be interested to know that.

Respectfully yours,

GEORGE T. MARTIN, Secretary.

BOARD OF EDUCATION,  
Hamtramck, Mich., March 25, 1936.

MR. FREDERIC S. SCHOUMAN,

Administrative Assistant,

Michigan Works Progress Administration,  
601 Water Board Building, Detroit, Mich.

MY DEAR MR. SCHOUMAN: May I take this opportunity to express my appreciation of the many valuable projects we have been able to secure for the Hamtramck public schools through the W. P. A.? All of these projects are still under way.

The bookbinding project is enabling us to place our libraries in very usable condition.

Under the furniture project we have and are repairing much of our school equipment and are securing new equipment which we should not have been able to have.

The comparative health statistics projects is making it possible for us to bring together and analyze a great deal of very valuable information regarding our boys and girls. I know that we shall be able to use this information for their benefit.

The project for remodeling the shower and locker rooms, in connection with the swimming pool in the Hamtramck Senior High School, is making it possible for us to do something which we have long wanted to do. The arrangements there have never been satisfactory. This project is providing excellent facilities for senior high-school students.

The project for completing the swimming pool at the Copernicus Junior High School is enabling us to complete a part of that plant which we are unable to do with our own resources. This school has gone without a swimming pool since the completion of the building about 5 years ago. It will be the only swimming pool in the city in addition to the senior high school swimming pool which is in a widely separated part of the city.

Hamtramck has for many years needed a football stadium. We have never been able to provide decent seating facilities for the fans of our high-school football games. The W. P. A. project, which is under way, will give us one of the finest football stadiums of any high school in the State. This, too, would have been impossible with the local resources at our command.

I know that the people of the school district of the city of Hamtramck are very thankful to the Federal Government for making these many excellent projects available to the public schools. I sincerely hope that we may continue to cooperate with the W. P. A. in these and other projects so that we may provide for our boys and girls many things which would be impossible without W. P. A. assistance.

Very truly yours,

M. A. KOPKA,  
Superintendent of Schools.

MELVINDALE, MICH., March 26, 1936.

MR. L. R. HOFFMAN,  
Assistant District Director, Michigan Works Progress  
Administration, Detroit, Mich.

DEAR SIR: Having been informed that the W. P. A. may be discontinued in June, the writer wishes to go on record as being opposed to discontinuing work and placing men on relief. As commissioner of public works and project director, I have been in close contact with the men of this community during the C. W. A., F. E. R. A., and W. P. A. It is the writer's opinion that upward of 90 percent of the people are glad to have the opportunity to work for their living. I also find that these men on W. P. A. seem to be more contented than they have been in the past year or two.

There have been many improvements to streets, alleys, schools, sewers, which under ordinary conditions could not have been accomplished due to the lack of finances in the immediate community. All of this work has been for the better health and beautification of the district. I feel that with such a large percentage of the people unemployed to stop this program and not replace it with another like program would cause a great deal of dissatisfaction, locally and nationally.

Hoping that our Congressmen can see fit to finance and continue work in place of relief, which, in the writer's opinion, is the logical thing to do.

Kindly accept this as an unbiased opinion.

Yours very truly,

CLARK A. ROWLEY,  
Project Director, City of Melvindale.

MELVINDALE, MICH., March 25, 1936.

MR. L. R. HOFFMAN,  
Assistant District Director,

Michigan Works Progress Administration, Detroit, Mich.

DEAR SIR: It is indicated, by the failure of Congress to appropriate additional funds for works projects, that the present program will be discontinued in the near future. It is the opinion of the writer that it would be a grave error to throw these families who have been receiving support through the Works Progress Administration back on relief, if any. There has been a great many improvements in Wayne County, due to the present program, which, ordinarily would not have been done.

Hoping that this will tend to show the general feeling throughout this community, I remain

Yours truly,

LEROY ADAMS,  
Wayne County Board of Supervisors.

TAU BETA COMMUNITY HOUSE,  
Hamtramck, Mich., March 27, 1936.

MR. F. S. SCHOUMAN,

Administrative Assistant,

Works Progress Administration, Detroit, Mich.

MY DEAR MR. SCHOUMAN: It cannot be possible that the Government is planning to discontinue its work program.

The testimony of the delegate conference of the American Association of Social Workers held in Washington on February 14, 15, and 16, was evidence of the suffering and hardship of the American people. And those conditions existed with W. P. A. at its height. An urgent demand for a return of the Federal Government into the field of direct relief ran through the entire conference. If they saw this need then, what will conditions be like if the Government withdraws the work program?

Locally, we need our recreation, adult education, and labor projects, and we need to complete the junior high swimming pool and school stadium. However, the important factor is the opportunity for our people to work. Will private industry be able to absorb them? If not, what will take its place?

Yours very truly,

BORGHILD HALVORSEN,  
Head Resident.

LINCOLN PARK, MICH., March 27, 1936.

MR. HARRY L. PIERSON,

State Director, Michigan Works Progress Administration,

601 Water Board Building, Detroit, Mich.

DEAR MR. PIERSON: Having read with much interest discussions in the daily press for and against the continuation of the W. P. A. program, I wish to state briefly my own personal opinions based upon close contact with the work in my own community, and taking into consideration the general attitude of the men employed and also comparing that attitude with the previous Emergency Relief Administration and the C. W. A., all of which I had contact with.

It is my firm conviction that the giving of a dole has damaged the morale of the people receiving it to an extent that can hardly be realized, and that the making available of employment through a form of public work, such as the W. P. A. and its predecessor, the C. W. A., has done much to restore confidence and a feeling of security in the ranks of the unemployed, and at the same time has maintained their sense of personal responsibility for the care and protection of their immediate families. Also, it has been an outstanding fact that men who appeared to take no interest in the ordinary routine grading of streets and similar manufactured work

where no immediate benefit is apparent, immediately they are placed on useful and constructive labor, take an interest in their work.

From the standpoint of the community, I wish to say that through the W. P. A. program and its predecessor, the C. W. A., the city of Lincoln Park has accomplished work, such as repairs to sewers, schools, water mains, streets, and is now engaged in the construction of municipal buildings. All of this work was badly needed and would have been impossible for the city of Lincoln Park to accomplish due to their own serious financial condition.

With all these conditions in mind, I wish to place myself on record as being in favor of the continuation of the W. P. A. program, and, further, that I feel such a program would be of the greatest value to the country at large if it was established on a permanent basis, as I fully believe we can expect a large number of unemployed citizens at all times during the future, particularly of those men who have passed the age where they are readily absorbed in industry.

Yours very truly,

WILFRED L. CROWLEY,  
Project Director, Lincoln Park.

Oscar G. Olander, Michigan commissioner of public safety:

"Cooperation of the W. P. A. is giving us in a few months an entire new physical set-up, which would have required 20 to 25 years to obtain from available State funds.

"I can wholeheartedly commend the necessary work the Works Progress Administration is doing for this commission and for other units of government throughout the State. Clean and modern quarters, replacing antiquated and inadequate facilities, will have a salutary effect on the morale of the State police force."

"When the W. P. A. program is carried to a successful conclusion, Michigan will have as fine a network of airports and landing fields as any State", declares Col. Floyd E. Evans, director of the Michigan State Department of Aeronautics, which is sponsoring and supervising W. P. A. work.

"Thanks to Federal aid we are now making 20 years' progress in one stride."

LANSING, MICH., March 23, 1936.

MR. HARRY L. PIERSON,  
W. P. A. State Director, Detroit, Mich.

DEAR MR. PIERSON: I wish to urge you to do all possible to continue W. P. A. projects in our city. These projects have been of great help in meeting the demands for work relief.

I would like very much to see this work continued in Lansing for another year.

Yours very truly,

MAX TEMPLETON, Mayor.

#### LAW ENFORCEMENT

MR. ASHURST. Mr. President, superlatives in speech are frequently looked upon as evidences of a weary man or sometimes an indolent man who does not seek a more nearly exact medium of expression. Nevertheless, I choose in these remarks to employ superlatives, because the results achieved by Hon. Homer S. Cummings, the Attorney General, in his successful and constant warfare upon gangsters, are of surpassing importance, and only superlatives would truly delineate and set forth the arduous labors of Attorney General Cummings and his Department with particular reference to the energies of the Federal Bureau of Investigation of that Department in coping with professional criminals.

I ask unanimous consent to have printed in the RECORD at the end of my remarks a detailed statement showing the recorded activities of the Federal Bureau of Investigation, Department of Justice, for the past 3 years.

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

(See exhibit A.)

MR. ASHURST. Mr. President, there is no such thing as the "clueless crime." In every crime, no matter what degree of cunning may be employed or how many times the perpetrator may double on his track, there invariably remains that which, in the nomenclature of detection and investigation, is called the "dropped stitch." The "dropped stitch" is that inescapable, irresistible, unavoidable impression, sign, or track made by any and all human activities. To find the "dropped stitch" and then ascertain who dropped it is, of course, the duty and task of all who are engaged in the work of detection and investigation.

The Department of Justice, under the administration and leadership of Attorney General Cummings, has proved that there is no such thing as a "perfect crime." The Federal Bureau of Investigation in the Department of Justice is equipped, among other apparatus and paraphernalia, with microscopes for examination of bullets and other articles of

evidence, an ultraviolet—black light—device for revealing secret writing and identifying stains, chemicals for developing latent fingerprints, and analyzing various substances.

The activities of Attorney General Cummings, through the Federal Bureau of Investigation, embrace and comprehend physics, that is to say, that branch of science which deals with biology, chemistry, geology, mechanics, ballistics, electricity, heat, light, and sound. The G-men must be cool, courageous, resourceful, unpurchaseable. They must be trained in psychology—the science of human emotions—and must know what a particular person would be likely to do under given circumstances. Then G-man must have a camera eye and a phonographic brain.

Today, the laboratory of the Department of Justice in its Federal Bureau of Investigation is housed in rooms especially constructed and equipped to meet the needs of the research experts engaged in the varied phases of criminological study.

So-called perfect crimes are almost daily solved by the test tube, by the microscope, and other intricate instruments of science in the technical laboratories of the Federal Bureau of Investigation in the Department of Justice.

When Homer S. Cummings was inducted into the office of Attorney General, he made a careful investigation of the character and attainments of Mr. J. Edgar Hoover. I say advisedly that General Cummings exhibited much courage and foresight in retaining Mr. Hoover as Director of the Federal Bureau of Investigation, and he gave Mr. Hoover all possible encouragement and assistance in order that the work of thwarting gangsters might be successfully performed. Arguments were made to General Cummings to try to induce him not to retain Mr. Hoover's services, but Mr. Cummings, with a judgment and a foresight almost telepathic, retained Mr. Hoover.

Mr. Cummings' judgment and sagacity have been vindicated.

This Federal Bureau of Investigation is charged with the duty of investigating violations of the laws of the United States, and collecting evidence in cases in which the United States is or may be a party in interest. The organization has a personnel of over 1,600 employees throughout the United States. Under the supervision of the Attorney General, the Director of the Bureau directs the work of the special agents who are employed for the purpose of detecting crime and collecting evidence.

The Attorney General has under his immediate supervision the identification division of the Federal Bureau of Investigation, which has on file over 5,700,000 sets of fingerprint records of persons who have been arrested in the United States and foreign countries, representing the largest and most nearly complete collection of fingerprint records of current value in existence. In addition, he has under his supervision the technical laboratory of the Federal Bureau of Investigation, wherein scientific detection aids are utilized in connection with the solving of crimes under the Bureau's jurisdiction. The experts of this laboratory also assist State and local law-enforcement officials throughout the country in the use of scientific crime-detection aids, such as handwriting and typewriting analysis, the examination of blood, hair, cloth, soils, and bullets, the use of ultra-violet light in the examination of substances, and the decoding of cryptographic messages.

Not the least in importance of the arduous labors of Attorney General Cummings, was his formulation and advocacy of the so-called antigangster or anticrime laws passed during the Seventy-third and Seventy-fourth Congresses. This task of itself was of immense proportion. The more prominent of these recent Federal anticrime laws include those relating to kidnaping, extortion, the interstate transportation of stolen property, the robbery of banks organized or operating under the laws of the United States, interstate flight to avoid prosecution or to avoid testifying in certain cases, the Federal Antiracketeering Act, and the killing or assaulting of Federal officers. One of the most helpful and enlightening of all the conferences ever held in Washington was the Attorney General's "conference on crime", called by Mr. Cummings in 1934, from December 10 to

December 13, inclusive. The program of the various sessions of that conference were planned by the Attorney General so as to give cross-sectional views of the problem of crime control in its various aspects. It would have been possible to have held one session on crime prevention, to be attended by teachers, medical authorities, juvenile court authorities, and churchmen; another session on detection and apprehension to be attended by police and investigators; another on courts and prosecution to be attended by judges, prosecuting attorneys, and defense lawyers; another on probation and parole; another on penal institutions; another on legal research and legislation; and so on throughout the whole contributing structure of governmental organization and professional service. Instead, representatives of all professional groups, together with representatives of outstanding civic and scientific associations, met here in common conference.

If the so-called gangsters—that is, the unsocial persons—become convinced that detection and punishment follow their unlawful forays, such forays will, if not entirely subside, at least vastly diminish in volume. The unsocial, the malicious, those who try to reap where they have not sown, those who have no regard for human life and who have no regard for the property of others, have found to their dismay that the policy of Attorney General Cummings was to prosecute with vigor, determination, and success. They—the unsocial—have discovered that behind the criminally disposed persons there follows silently but relentlessly the shadow of retributive justice. Some shallow-pated citizens have from time to time mistakenly believed that a tinge of romanticism surrounded desperate public enemies. One of the master strokes of Attorney General Cummings was to divest crime of any and all of its supposed romance by showing that crime does not pay and that so far from being romantic or glamorous, crime is instead sordid, low, ignoble, and debased, and that professional criminals are neither brave, nor chivalrous, nor generous, but are cowardly, cruel, unfair, and obscene.

There is no honor among thieves; they always sell out one another. In many, if not most, instances, the capture and conviction of the gangster or professional criminal has been brought about by clues or evidence furnished to the officers by other gangsters. These professional criminals or so-called gangsters or public enemies, desire ease, luxury, money, and excitement. Civilization has been geared up to a point where only men of industriousness, honesty, superior mind, and courage can ever hope to win these prizes legitimately.

The gangster or public enemy possesses none of these attributes, but vainly and illegitimately endeavors to win these prizes.

Statistics covering the work of the Department of Justice through its Federal Bureau of Investigation are prepared to cover fiscal-year periods. During the past 3 fiscal years 11,144 convictions were secured in cases wherein special agents of the Department of Justice performed investigative work. Fines of \$1,433,090 were imposed. The Department of Justice is now obtaining convictions in 94 percent of all cases brought to trial which it investigates. The total value of recoveries effected in cases wherein special agents of the Department of Justice performed investigative work amounted to \$9,718,220, whereas the entire cost of operating the Bureau of Investigation during this period was \$9,726,241. In addition, there was saved the Government in Court of Claims cases and other civil cases investigated by the Bureau, exclusive of war-risk insurance cases, the sum of \$1,378,693.62. The war-risk insurance suits terminated since this work was taken over by the Bureau on September 10, 1933, to this date has resulted in a saving to the Government of \$78,879,532.04.

For each \$1 appropriated for the use of the Federal Bureau of Investigation during the past fiscal year there has been returned to the Government approximately \$8, in the form of fines, recoveries, and savings effected in war-risk insurance, Court of Claims, and miscellaneous cases.

In conclusion, Mr. President, it will be perceived that I was justified in employing superlatives while describing the activities of the Department of Justice in its efforts to detect crime, prosecute law violators, and guarantee to the peaceful, law-abiding citizen protection and security from unlawful attempts against his person or his property. The industrious citizen of good will, walking the paths of peace, is entitled to protection and security, and these rights Attorney General Cummings and Mr. J. Edgar Hoover have nobly striven to provide.

#### EXHIBIT A

##### STATEMENT OF THE RECORDED ACTIVITIES OF THE FEDERAL BUREAU OF INVESTIGATION, DEPARTMENT OF JUSTICE, FOR THE PAST 3 YEARS

On September 19, 1934, Bruno Richard Hauptmann was taken into custody by special agents of the Federal Bureau of Investigation, assisted by local and State police officers, and subsequently turned over to the New Jersey State authorities.

The kidnaping of Mr. Charles F. Urschel at Oklahoma City on July 22, 1933, is an illustration of the need of an agency such as the Federal Bureau of Investigation, which is unhampered by State boundaries. Immediately after Mr. Urschel's kidnaping Mrs. Urschel telephoned the Federal Bureau of Investigation, and special agents of the Bureau immediately instituted an investigation.

The kidnapers demanded \$200,000 ransom and, during the time the negotiations were in process, the special agents of the Bureau conducted their investigation in such a manner as would insure the safe return of the victim, which is the procedure followed in all kidnaping cases, the Bureau having this as its primary objective at all times. Within 90 days after Mr. Urschel was kidnaped, 16 persons had been convicted in Federal courts, 6 of these receiving life sentences; ultimately 20 persons were convicted and 3 persons are still in custody awaiting trial.

The investigation conducted in this case covered 23 States, resulting in the apprehension of the notorious "Machine-Gun" Kelly, who is credited with having first applied the appellation "G-men" to representatives of this Bureau at the time of his apprehension. Harvey Bailey was apprehended near Paradise, Tex., Albert Bates in Denver, Colo., and in addition, the money changers, lawyer criminals and individuals who harbored the criminals during their flight were taken into custody in various sections of the country. Ransom money was located in Oregon, Washington, California, and Texas. Investigation as to the activities of this gang was conducted in many other States.

Of the persons convicted and now awaiting trial, only a small number actually participated in the kidnaping, the remainder aided and assisted the kidnapers by providing places of refuge, acting as money changers, or otherwise assisting. Ben B. Laska, a lawyer criminal of Denver, Colo., was convicted of receiving part of the ransom money and was sentenced on July 29, 1935, to 10 years, from which he has taken an appeal, and Mollie O. Edison, another attorney associated with Laska, is now in custody awaiting trial.

The case involving John Herbert Dillinger demonstrates the necessity for an organization having jurisdiction beyond the confines of State boundary lines. After having served 8½ years for assault and battery with attempt to rob, Dillinger was paroled from the Indiana State prison on May 10, 1933, comparatively unknown to law-enforcement officers. He was killed by special agents of the Federal Bureau of Investigation while resisting arrest on July 22, 1934. Within this brief period of time he became the country's most notorious and highly publicized outlaw. Within 15 months he committed major offenses, mostly bank robberies, in over half a dozen Midwestern States and his apprehension was sought in virtually every section of the country.

The Federal Bureau of Investigation, as a result of its investigation, convicted 27 persons; 4 of his companions were killed while resisting arrest, including "Baby Face" Nelson, Homer Van Meter, Tommy Carroll, and Eddie Green, all of whose predatory activities extended throughout the country and many atrocious crimes were attributed to them; one of the members of the Dillinger gang was found murdered; one had committed suicide; and one received a life sentence. In addition to those who were killed, the total convictions represent individuals who in any way assisted these criminals in their flight. These individuals included persons who rendered medical assistance by plastic surgery work, attempts to mutilate prints and treatment of their wounds, and, in addition thereto, those persons who harbored these individuals.

During the course of the investigation conducted looking to the apprehension of the so-called Dillinger gang, three special agents of the Federal Bureau of Investigation, namely, Inspector Samuel P. Cowley, Special Agent Herman E. Hollis, and Special Agent W. Carter Baum, were murdered while engaged in gun battle, resulting from the resistance of John Dillinger, "Baby Face" Nelson, Homer Van Meter, and other members of the gang to arrest.

On January 17, 1934, Edward George Bremer, president of the Commercial State Bank, St. Paul, Minn., was kidnaped between 8:15 and 8:45 a. m., immediately after he had driven his daughter to the Summit School. He was taken to an unknown hideout, where he was held until February 7, 1934, when he was released near Rochester, Minn., after the payment of \$200,000 by Walter McGee, who was named by the victim as the intermediary.

The arrest of Alvin Karpis on May 1, 1936, at New Orleans, La., and the arrest of Harry Campbell at Toledo, Ohio, on May 7, 1936, by a group of special agents personally led by the Director, brought about a solution and apprehension of all persons involved in this abduction. There are presently in custody awaiting trial eight persons; by way of recapitulation, five life sentences were received, three persons were killed while resisting arrest, being "Ma" Barker, Fred Barker, and Russell Gibson; two were murdered by the underworld; a total of 75 years and 6 months was meted out to those persons who assisted in any way members of the Barker-Karpis gang. The Bureau relentlessly sought all individuals, whether doctors, lawyers, relatives, or other associates who in any way rendered aid to these persons, and it was as a result of the Bureau's activities that 15 convictions have so far been obtained.

The latest major kidnaping case which has been investigated by this Bureau was that of George Weyerhaeuser, who was kidnaped while en route home from school at noon on May 24, 1935. He was released on June 1, 1935, after the payment of \$200,000 ransom. Within 2 weeks after the kidnaping of the Weyerhaeuser child the perpetrators of the kidnaping were known to the Federal Bureau of Investigation, and two of them had been apprehended, Harmon Metz Waley and his wife, who were subsequently sentenced in Federal court to 45 and 20 years, respectively. Extensive investigation was immediately begun seeking the apprehension of William Dainard, investigation being conducted throughout the entire United States and Canada, which resulted in his apprehension by special agents of the Federal Bureau of Investigation in San Francisco on May 7, 1936. On May 9, 1936, Dainard was sentenced in Federal court to serve 60 years on each of the two counts of the indictment charging him with this kidnaping, to run concurrently. There has been recovered in this case over \$142,000 of the ransom which was paid.

As a result of the Bureau's investigation of kidnaping cases, kidnapings have temporarily ceased. Since the passage of the Federal kidnaping law, 142 of the kidnapers involved in 62 cases have been convicted, 29 received life sentences, 4 death sentences, 2 individuals were lynched, 3 committed suicide, 6 were murdered, and 5 were killed while resisting arrest, the remainder receiving sentences approximating 2,000 years. Twenty-three persons are now in custody awaiting trial and sentence.

Not all of the notorious criminals who are apprehended by special agents of the Federal Bureau of Investigation are involved in kidnaping cases. One of the most atrocious crimes committed in modern times was the murder of four peace officers, including a special agent and their prisoner, at Kansas City, Mo., on the morning of June 17, 1933, when an attempt was made by "Pretty Boy" Floyd and two associates, Adam Richetti and Verne Miller, to deliver Frank Nash, an escaped Federal prisoner, who was being returned to the United States penitentiary at Leavenworth, Kans., by special agents and local officers. Frank Nash was originally sentenced to this penitentiary on March 1, 1924, to serve 25 years upon his conviction of the charge of assaulting a mail custodian. He escaped from the penitentiary on October 19, 1933. Inasmuch as the Federal Bureau of Investigation is charged with the responsibility of apprehending all escaped Federal prisoners, an immediate investigation was instituted which resulted in evidence being obtained by special agents indicating Nash's participation in the sensational escape of seven notorious prisoners from the United States penitentiary, Leavenworth, Kans., on December 11, 1931. He was apprehended by employees of the Bureau in a pool hall at Hot Springs, Ark., on June 16, 1933, and it was while being returned to Leavenworth that he and the law-enforcement officers, including Special Agent Raymond J. Caffrey, were killed. Verne Miller was the victim of a gang slaying in Detroit; Adam Richetti was apprehended by local officers, and "Pretty Boy" Floyd was killed by special agents while resisting arrest near East Liverpool, Ohio.

The Bureau has primary investigative jurisdiction over the Federal Extortion Act, approved July 8, 1932, and since that time has performed investigative work in a large number of extortion cases. The investigation in these cases resulted in the conviction of 230 persons who received actual, suspended, and probationary sentences of 1,359 years 7 months and 6 days, and there are now in custody 55 persons awaiting trial.

A part of the armed horde of criminals operating in the United States today secure their firearms and ammunition through the robbery of Government arsenals and armories, which constitutes a theft of Government property and which is within the investigative jurisdiction of the Bureau. Since January 1, 1933, to date, a total of 278 such robberies have been investigated by the Bureau. In these cases a total of 2,408 pistols, rifles, machine guns, and other miscellaneous weapons were stolen. There have been recovered 1,099 of these weapons. Two hundred and eighty-seven thousand seven hundred and fifty-one rounds of ammunition were also taken, of which 205,578 rounds have been recovered. Two hundred and fifteen convictions have been obtained, and there are now 46 persons awaiting trial.

There also falls within this Bureau's investigative jurisdiction violations of the National Motor Vehicle Theft Act. In violations of this act in which the Bureau performed investigative work during the past 3 fiscal years, 8,274 automobiles have been recovered, valued at \$3,301,473.52. Since the passage of the act in October 1919, a total of 41,544 stolen motor vehicles, valued at \$25,803,793.73, have been recovered in cases in which the Bureau performed investigative work. While persons violating this act are usually considered to be minor criminals, it has in some instances given the Bureau investigative jurisdiction in cases of the more notorious criminals; in fact, it was the violation of this act which

permitted the Bureau to undertake the investigation seeking the apprehension of such notorious individuals as John Herbert Dillinger, Eddie Doll, and others.

One of the recently enacted Federal statutes is that of the Federal Bank Robbery Act, approved by the President on May 18, 1934, making it a Federal offense to rob a national bank or member bank of the Federal Reserve System. This act was amended on August 23, 1935, to include insured banks in the Federal Deposit Insurance Corporation. There has been a total of 183 robberies of national banks and member banks reported to the Bureau, and 62 robberies of insured banks since the enactment of the legislation. Prior to the passage of this act the average number of robberies per month in the national banks and member banks, based upon the figures of the American Bankers' Association, were 16 per month. This number of robberies was reduced until during the year 1935 the average robberies of such banks were 6.4 per month. The average robberies of all banks, other than national and member banks, based upon the American Bankers' Association figures, for the 5-year period 1929 to 1933, inclusive, was 30 robberies per month. The average monthly number of robberies of the State banks insured by the Federal Deposit Insurance Corporation since these banks were included under the provisions of the Federal Bank Robbery Act has been less than six per month.

Indicative of the effectiveness of the Bureau's investigation in bank-robbery cases is the result secured in the robbery of the Peoples National Bank, Kingfisher, Okla., on May 31, 1934. The identity of the perpetrators of this robbery was ascertained, through investigation conducted by the Bureau, to be James Clark, Frank Delmar, Aubrey Curtis Unsell, and Ennis Smiddy. Clark and Delmar escaped from the Kansas State penitentiary, Lansing, Kans., on January 19, 1934. Clark had previously escaped from this same institution on May 30, 1933, with Harvey Bailey, George Brady, Wilbur Underhill, and other noted desperadoes. He had been originally received in the penitentiary on July 8, 1932, to serve a life sentence as a bank robber and habitual criminal. The other participants in the robbery were equally notorious. Clark was apprehended by agents of the Bureau on July 1, 1934, at Tulsa, Okla. Delmar was taken into custody near Claremore, Okla., on August 11, 1934. Unsell was apprehended on September 10, 1934, by special agents, assisted by local officers, and on Christmas Day, 1934. Ennis Smiddy was taken into custody by special agents of the Bureau assisted by local officers.

Clark, Delmar, Unsell, and Smiddy were indicted in Federal court on January 19, 1935; all entered pleas of guilty. Clark and Delmar were given actual sentences of 99 years each and fined \$5,000. Unsell and Smiddy were given actual sentences of 50 years each and fined \$5,000. The total actual sentences imposed upon the four robbers of this bank were 298 years.

As a result of investigations conducted in bank robberies by the Bureau, 116 persons have been convicted in Federal courts and given sentences, actual, suspended, and probationary, of 2,523 years, 6 months, and 2 days, and three individuals were sentenced to life imprisonment.

Jurisdiction of the Federal Bank Robbery Act not being reserved exclusively to the courts of the United States, investigation was conducted in numerous bank robberies resulting in the information developed by this Bureau being furnished to State officials for prosecution in State courts.

During the year 1935 the Bureau conducted investigation in a case involving the theft of \$185,000 in jewelry from Mrs. J. C. Bell at the Miami-Biltmore Hotel, Coral Gables, Fla. The investigation of this case was important inasmuch as the participants were engaged in a particularly evil practice which had arisen in recent years in various sections of this country, whereby robberies of jewelry, securities, and other valuables have been settled by the return of the stolen property in consideration for the repayment of rewards by insurance companies and other interested persons, affording a practical immunity for the perpetrators of the original crime. As a result of the Bureau's investigation of this case, a Federal grand jury at New York City returned an indictment charging Noel C. Scaffa, the head of a private detective agency, who had specialized in operations of this crime, with perjury. Scaffa was convicted in Federal court and sentenced to serve 6 months in prison on each of three counts of the indictment to run concurrently. Scaffa and associates, including one Robert C. Nelson, reported to be a well-known "fence", are presently under indictment for violation of the National Stolen Property Act.

Another case recently investigated by this Bureau involving a violation of the National Stolen Property Act resulted from the theft of \$590,000 from the United Trust Co. of New York City during December 1934. Subsequent information was obtained indicating that the securities stolen had been transported in interstate commerce. The Bureau was successful in recovering over \$300,000 of the stolen securities, and in apprehending eight individuals, some of whom are nationally known sneak thieves, as well as known international dealers in stolen securities. However, investigation is still being continued in this case looking toward the identification and the apprehension of other individuals who participated in the disposition of these stolen securities.

As recently as last Monday, May 11, Thomas H. Robinson, Jr., kidnaped, was captured in Glendale, Calif., by G-men and was immediately taken by plane to Louisville, Ky., to be placed on trial for abducting and kidnaping Mrs. Alice Speed Stoll.

Investigations are also conducted by the Bureau in antitrust cases. Many complaints involving violations of the Federal antitrust laws have been investigated by the Bureau since July 1,

1933. Since that date 151 convictions have been obtained in cases in which the Bureau conducted investigations, resulting in actual, suspended, and probationary sentences of 28 years and 6 months. Fines totaling \$65,996 were imposed, and 17 fugitives were located. Of the 151 convictions obtained, 41 persons and corporations were perpetually enjoined from continuing business operations which would be in direct conflict with the antitrust laws of the United States.

Investigations were conducted by the Bureau in violations of the White Slave Traffic Act during the fiscal years 1933, 1934, and 1935, which resulted in the obtaining of 744 convictions in which actual, suspended, and probationary sentences were imposed of 1,560 years 1 month 18 days, and fines of \$30,466.01. During this same period of time 269 fugitives whose apprehension was being sought for violations of the White Slave Traffic Act were located.

The Bureau also conducts investigations of the impersonation statutes, which make it a Federal offense for any person, with the intent to defraud, to impersonate a Government employee, and to take it upon himself to act as such an employee and demand or obtain a thing of value. Investigations conducted in this type of violation during the past 3 fiscal years resulted in 552 convictions. Actual, suspended, and probationary sentences totaling 1,272 years 7 months 9 days, and fines of \$30,066.87 were imposed, and 243 fugitives were located.

Relative to violations of the National Bankruptcy Act during the 3-year period ending June 30, 1935, there have been secured 501 convictions, resulting in the imposition of sentences totalling 1,038 years 22 months 16 days. Fines amounting to \$74,136.20 were imposed, and recoveries were effected amounting to \$187,858.55. From the period June 30, 1935, to date there have been secured 102 convictions, resulting in the imposition of sentences amounting to 230 years 9 months 15 days. Fines totaling \$19,100.04 were imposed, and recoveries effected totaling \$105,518.13. In addition to the aforementioned results, 118 fugitives have been apprehended since July 1, 1933.

The Federal Bureau of Investigation has investigative jurisdiction over all violations of Federal laws and matters in which the United States is or may be a party in interest, except those matters specifically assigned by congressional enactment or otherwise to other Federal agencies, and performing other duties imposed upon it by law. Among those matters under the primary jurisdiction of this Bureau, which have not previously been referred to, are the following: Admiralty law violations, bank embezzlements in the District of Columbia, bondsmen and sureties, bribery, claims against the United States, claims by the United States, condemnation proceedings, conspiracies, contempt of court, copyright violations, crimes on the high seas, crimes in Alaska, crimes in connection with Federal penal and correctional institutions, crimes on Indian reservations, crimes on Government reservations, destruction of Government property, espionage, frauds against the Government, harboring of Federal fugitives, illegal wearing of service uniforms, interstate transportation of explosives, intimidation of witnesses, international claims, larceny from interstate shipments, National Bank Act, neutrality violations, obstruction of justice, peonage statutes, passports and visas, patent violations, parole and probation violations, Federal, perjury, Red Cross violations, theft or embezzlement of Government property, treason, Veterans' Administration violations.

During the fiscal years 1933, 1934, and 1935, 3,121 fugitives, whose apprehension was being sought by the Bureau for the violation of some Federal law, were located as a result of investigations conducted by the Bureau.

Not all of the investigations conducted by the Bureau are confined to violations of the criminal statutes of the United States. During the past 3 fiscal years there were conducted for the Department of State and other Federal agencies a large number of investigations which did not require actual court procedure, including the investigation of applicants for positions in the Department of Justice; and, at the request of the Attorney General, the Bureau also inquired into the qualifications of applicants for appointment as United States judges, United States attorneys and their assistants, and United States marshals. As an indication of some of the miscellaneous investigations so conducted during the past few years, as a result of an Executive order of April 5, 1933, requiring the return to Federal Reserve banks outstanding gold, which was generally known as the Gold Hoarding Act, an additional burden was placed on the Bureau which necessitated the interviewing of approximately 10,000 persons, calling upon them to return this gold.

Probably the more important types of civil investigations now being conducted by the Bureau are those investigations involving fraudulent claims made in connection with war-risk insurance cases. Since this work was taken over by the Bureau on September 10, 1933, a total of 6,949 cases have been investigated, resulting in savings to the Government of \$78,879,532.04. When the Bureau took over these investigations, the percentage of suits terminated favorably to the Government was approximately 60 percent. At this time the percentage of suits which are terminated favorably to the Government is slightly less than 95 percent. These figures are exclusive of compromises and cases reversed upon appeal.

In addition to the criminal and civil investigations conducted by the Bureau of Investigation, it is also charged with the duty of acquiring, maintaining, preserving, and disseminating identification data. The growth of the Identification Division of the Bureau of Investigation has increased appreciably as indicated by

the fact that at the end of 1932 there were 4,712 fingerprint contributors, which number has increased until today there are over 9,600 contributors. Since the first of 1933 the total number of fingerprints on file has increased from 3,078,572 to over 5,800,000 at the present time. At the present time an average of over 3,700 criminal fingerprint cards are received each day which are answered to the contributors within 36 hours after receipt in the Bureau. There are a grand total of over 5,800,000 fingerprint cards on file. During the past 3 fiscal years effective progress has been made in the exchange of international fingerprints with foreign countries. The officials of 70 of the identification bureaus of the principal nations of the world are cooperating with the Identification Division of the Federal Bureau of Investigation. This is the largest depository of criminal identifying data in the world which will be readily realized when it is considered that Scotland Yard has only approximately 750,000 prints on file and the French Sûreté 1,800,000. The percentage of identifications made on criminal prints now being received in the Bureau is over 50 percent. During the fiscal years 1933, 1934, and 1935, 12,577 fugitives whose apprehension was being sought by Federal, State, and local law-enforcement agencies were identified in the Identification Division of this Bureau through their fingerprints.

Civil-service fingerprints of applicants for appointment to the Federal service are also received in the Identification Division of this Bureau. The fingerprints of such applicants are searched against the Bureau's files, and the Civil Service Commission is advised of any police record of the applicant.

During the year 1935 a civil identification section was established where the fingerprints of citizens are filed for personal and precautionary reasons. Indicative of the interest in civil identification is the fact that at this time 600 fingerprint cards are being received in the Bureau each day for inclusion in this file, and there are now on file the fingerprints of over 100,000 citizens.

The technical laboratory of the Federal Bureau of Investigation was formed for the purpose of making scientific examinations of evidence developed in cases investigated by the Bureau and also for the purpose of aiding and assisting local law-enforcement officials by making such examinations for them of physical evidence secured in the investigation of some criminal offense within their jurisdiction. Since the establishment of this laboratory until the end of the fiscal year 1935 there has been made a total of 3,300 examinations. Of this total, 2,337 were made during the fiscal year ending June 30, 1935. The following tabulation is indicative of the types of scientific examinations made in connection with criminal cases during the fiscal year 1935:

Examination of questioned documents	2,028
Microscopic examinations	57
Chemical analyses	60
Examination of firearms evidence	165
Examination of coded messages	23
Miscellaneous examinations	4

Total number of examinations 2,337

In its efforts to combat bank robberies, kidnappings, and other serious crimes the Bureau established a single fingerprint file, in which are included the single fingerprints of approximately 12,000 known kidnappers, bank robbers, extortionists, and gangsters. One thousand eight hundred and seventy-six examinations were made in connection with this file during the fiscal year ending June 30, 1935.

There has also been established for the same general purpose a modus-operandi file upon bank robberies, affording detailed information on the methods of commission of bank robberies in order that the identities of the perpetrators may be established by a comparison of similar methods of operation.

During the year 1935 there was initiated the first police training school of the Federal Bureau of Investigation. In this school selected, qualified law-enforcement officials from police and State law-enforcement agencies throughout the country are given instructions in scientific and practical law-enforcement methods. The graduation exercises of the first training school were held on October 19, 1935, and since that time an additional class has completed the course of instructions. The entire staff of instructors and lecturers of the Bureau's regular training school, and in addition 41 outstanding criminologists and police officials selected from higher institutions of learning and law-enforcement agencies, assisted in the course of instructions. During the past 3 years the training course for newly appointed special agents has been increased from 4 to 14 weeks, the present course of training affording theoretical and practical instructions under experienced instructors and investigators. The retraining of experienced agents of the Federal Bureau of Investigation was initiated during the fiscal year ending June 30, 1935, this training affording the experienced investigator the latest approved instruction upon the developments in scientific investigative methods, firearms training, and kindred subjects.

Since September 1932 a monthly publication entitled "F. B. I. Law Enforcement Bulletin" has been circulated to law-enforcement officials and agencies contributing fingerprint records to the Bureau. This publication includes information relative to the fugitive status of criminals and makes this information available to police agencies throughout the country upon the earliest practicable date. Information is cataloged in the publication concerning individuals sought for the offenses of murder, burglary, robbery, rape, kidnapping, and escapes growing out of these offenses.

Information is also published in the bulletin concerning those fugitives whose apprehension is being sought by this Bureau. Physical descriptions and fingerprint classifications of the fugitives are listed, in addition to the reproduction of the fingerprint pattern of one finger. Articles of special interest to law-enforcement officials dealing with the science of fingerprint identification, the deciphering of charred paper, the handling of bombs and explosives, information on police problems and criminology, and the dissemination of practical and scientific knowledge intended to aid police officials in the detection and apprehension of criminals is also published in each issue of the bulletin.

Mr. DUFFY. Mr. President, will the Senator from Arizona yield?

Mr. ASHURST. I yield.

Mr. DUFFY. The Senator has performed a very fine service in calling the attention of the country to the remarkable work which has been done under the Attorney General, and particularly through Mr. J. Edgar Hoover, the Director of the Bureau of Investigation. On last Saturday I spent 2 hours going through that Bureau; and while the Senator's picture of it is very fine and most illuminating, I would recommend to my fellow Senators, at any time they can find an extra hour, to go to the Bureau of Investigation and make a personal inspection. They will get a graphic picture of a splendidly run Department of this Government.

Mr. ASHURST. Mr. President, I thank the able Senator from Wisconsin. I now yield the floor.

#### RELIEF OF OFFICERS AND SOLDIERS OF THE VOLUNTEER SERVICE

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas [Mr. CAPPER] that the Senate proceed to the consideration of the motion of the Senator from Utah [Mr. KING], that the vote by which House bill 9472, for relief of officers and soldiers of the volunteer service of the United States, was passed, be reconsidered.

Mr. ROBINSON. Mr. President, I have been advised by Senators, including the Senator from Utah [Mr. KING] and the Senator from Kansas [Mr. CAPPER], that they desire to have the matter go over until tomorrow. I understand the Senator from Indiana [Mr. VAN NUYS] wishes to submit a motion. After that has been done, I shall move an executive session.

#### REORGANIZATION OF CORPORATIONS UNDER BANKRUPTCY LAW

Mr. VAN NUYS. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. LEWIS. Mr. President, is it not in order for me to make my motion now to substitute my bill respecting a change in the title of the Interior Department for the bill now on the calendar?

Mr. ROBINSON. Mr. President, I may say to the Senator that the Senator from Indiana has made a motion.

Mr. LEWIS. I beg pardon.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Indiana.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which had been reported from the Committee on the Judiciary, with amendments.

#### EXECUTIVE SESSION

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

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

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MOORE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and a treaty, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### EXECUTIVE REPORTS OF COMMITTEES

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

He also, from the Committee on Appropriations, reported favorably the nominations of the following persons to be State directors of the Public Works Administration:

George M. Bull, Colorado;  
John Latenser, Jr., Nebraska; and  
Arthur S. Tuttle, New York.

Mr. HARRISON, from the Committee on Finance, reported favorably the nominations of Henry F. Canby and Robert H. Moore, assistant dental surgeons (Reserve), to be assistant dental surgeons in the United States Public Health Service.

The PRESIDING OFFICER. 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 be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc. That completes the calendar.

#### FRED W. SCHUMAN—RECONSIDERATION

Mr. MCKELLAR. Mr. President, on Thursday, May 7, the nomination of Fred W. Schuman to be postmaster at Osceola, Nebr., was confirmed. The nomination is still in the Senate, not having been transmitted to the President, and I ask unanimous consent that the vote by which the nomination was confirmed be reconsidered, and that the nomination be recommitted to the Committee on Post Offices and Post Roads. I do this at the request of the senior Senator from Nebraska [Mr. NORRIS].

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none. The vote by which the nomination was confirmed is reconsidered, and the nomination is recommitted to the Committee on Post Offices and Post Roads.

#### LLOYD H. BULGER

Mr. MCKELLAR. I have received a telegram asking that the nomination of Lloyd H. Bulger to be postmaster at Arcadia, Nebr., which was reported today, be recommitted to the Committee on Post Offices and Post Roads. I make that request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and the nomination is recommitted to the Committee on Post Offices and Post Roads.

#### RECESS

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 18 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 13, 1936, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate May 12, 1936*

#### DIPLOMATIC AND FOREIGN SERVICE

George Orr, of New Jersey, now a Foreign Service officer of class 5 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

Earl L. Packer, of Utah, to be a Foreign Service officer of class 4, a consul, and a secretary in the Diplomatic Service of the United States of America.

Vinton Chapin, of Massachusetts, to be a Foreign Service officer of class 6, a consul, and a secretary in the Diplomatic Service of the United States of America.

## COMMISSIONER GENERAL, GREAT LAKES EXPOSITION

A. Harry Zychick, of Ohio, to be United States Commissioner General for the Great Lakes Exposition.

## PROMOTIONS IN THE NAVY

## MARINE CORPS

Maj. Charles I. Murray to be a lieutenant colonel in the Marine Corps from the 1st day of October 1935.

Second Lt. Eustace R. Smoak to be a first lieutenant in the Marine Corps from the 9th day of February 1936.

The following-named midshipmen to be second lieutenants in the Marine Corps, revocable for 2 years, from the 4th day of June 1936:

Paul R. Tyler	Robert B. Moore
Jean W. Moreau	William D. Roberson
George B. Bell	Louis B. Robertshaw
Andrew B. Galatian, Jr.	James W. Ferguson
Elby D. Martin, Jr.	Harrison Brent, Jr.
William K. Davenport, Jr.	William F. Kramer
John H. Masters	Ralph Haas
Wilfrid H. Stiles	Maynard M. Nohrden
Richard W. Wallace	Ben F. Prewitt
Randolph S. D. Lockwood	John W. Graham
John H. Spencer	Marvin C. Clayton
Donald C. Merker	Richard Rothwell

## CONFIRMATIONS

*Executive nominations confirmed by the Senate May 12, 1936*

## POSTMASTERS

## CONNECTICUT

Ralph W. Bohannon, Guilford.  
Nina P. Hudson Arnold, Haddam.  
Charles T. Kelly, Oakville.  
Thomas J. Maher, Old Greenwich.  
Hans M. Hansen, Jr., West Willington.

## KENTUCKY

Wayne Damron, Catlettsburg.  
J. Hampton Burch, Fancy Farm.  
D. Lawrence Johnson, Owenton.  
Philip B. Hyden, Russell.

## MAINE

Tobias L. Roberts, Bar Harbor.  
Argie S. Henderson, Brownville.  
Natt R. Hubbard, Kittery.  
Marion Jordan Ricker, Lisbon.  
Wesley H. Carver, Ridlonville.  
Louis S. Marquis, Springvale.  
Harold T. Ricker, Stratton.

## MICHIGAN

Alva C. James, Central Lake.  
Bert A. Dobson, Jonesville.  
Harry A. Newcomb, Kalamazoo.  
George H. Walters, Laingsburg.  
William H. Coffin, Levering.  
Matthew O'Toole, Merrill.  
Thomas W. Jackson, Pontiac.  
Nelson Joseph Coash, Romulus.  
Frank H. Lynch, Rosebush.

## TENNESSEE

Wilson L. Tollett, Pikeville.  
Theron Myers, Sewanee.

## HOUSE OF REPRESENTATIVES

TUESDAY, MAY 12, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty and everlasting God, we hail this bounteous, radiant day; wood and grove, hill and dale tell of Thy glory. We thank Thee for the sunlit sky and the blossoming earth, for the springtime flowers that border our paths with love-

liness, and for happy bird song, lifting our hearts to responsive joy and praise. Heavenly Father, Thy voice is as the voice of many waters; let us hear its melodies in the depths of our souls. May it touch every hidden desire and purpose, making us more grateful, more heroic, going forth conquering and to conquer. We pray that we may enter heartily into our manifold duties, ever cherishing a serious view of life. Always keep us from the murky depths of low thinking, feeling, and action, rejoicing in an inner light and assurance that fill the heart with peace and certainty. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

## THE FRAZIER-LEMKE BILL

The SPEAKER. The Chair may say that under the rule nothing is in order this morning except the consideration of the bill which was provided for by rule yesterday. However, with the unanimous consent of the House, the Chair will recognize Members to correct the RECORD. The Chair does not believe that, technically speaking, anything is in order this morning except the consideration of the bill just mentioned.

The Chair may make the further statement that under the rule adopted yesterday it is provided that the Chair recognize the Representative at Large from North Dakota [Mr. LEMKE] to call up the bill H. R. 2066 and to move that the House go into the Committee of the Whole for the consideration of the bill. It is further provided that the time shall be equally divided and controlled by the Member of the House requesting the rule for the consideration of H. R. 2066 and a Member of the House who is opposed to said bill, H. R. 2066, to be designated by the Speaker.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. The rule refers to the gentleman who requested the rule. Personally, I have not been able to interpret that, and I do not know whether it means the gentleman who introduced the rule or the gentleman who requested a hearing before the Rules Committee.

The SPEAKER. The Chair has determined to recognize the gentleman from North Dakota [Mr. LEMKE] to make a motion to go into the Committee of the Whole, and has so construed the rule. The Chair will designate the gentleman from Texas [Mr. JONES] to control the time in opposition.

Mr. RICH. Mr. Speaker, may I correct the RECORD? Yesterday there was a roll call, no. 91, on the resolution offered by the gentleman from New York [Mr. TABER] to correct the RECORD. The roll call shows yeas 115, nays 239, which was in opposition to correct the RECORD. It seems to me if the House wanted to do the right thing the Members would have voted to correct the RECORD. This they should have done.

The regular order was demanded.

The SPEAKER. The Chair cannot recognize the gentleman for such a request.

Mr. RICH. Mr. Speaker, yesterday the gentleman from New York offered a resolution to correct the RECORD.

The SPEAKER. Does the gentleman say that the RECORD is incorrect insofar as the record of the vote is concerned?

Mr. RICH. The RECORD is incorrect.

The SPEAKER. In what respect?

Mr. RICH. In the statements that were made yesterday in connection with the resolution offered by the gentleman from New York [Mr. TABER] and admitted by the gentleman from Colorado [Mr. MARTIN].

The SPEAKER. The House has disposed of that matter by a formal record vote.

Mr. RICH. Nevertheless the RECORD is incorrect.

The SPEAKER. The gentleman is taking issue with the entire House which voted on the matter.

Mr. RICH. I am taking issue with the entire House. Right is right and wrong is wrong.

The SPEAKER. The gentleman does not present a question in connection with correcting the RECORD.

Mr. CELLER. Mr. Speaker, may I ask unanimous consent to extend my own remarks in the Record?

The SPEAKER. The Chair will not recognize the gentleman for that purpose without the consent of the gentleman from North Dakota [Mr. LEMKE].

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Under the express provisions of the rule there is nothing in order this morning except a motion by the gentleman from North Dakota to go into the Committee of the Whole for the consideration of the bill. The Chair is not responsible for the rule, but it is up to the Chair to construe it.

Mr. RANKIN. Mr. Speaker, I wanted to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. I want to propound a parliamentary inquiry whether or not when general debate is concluded the bill will be taken up under the 5-minute rule.

The SPEAKER. The rule expressly provides that shall be done.

Mr. LEMKE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2066) 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.

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. 2066, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. LEMKE. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. LEMKE. Mr. Chairman, I yield myself 30 minutes.

In the first place, I wish to thank all of the Members who signed petition no. 7 and permitted us to bring this bill up for consideration, and I want to thank all of those who were liberal enough yesterday to vote with us, both on the Democratic and the Republican side, for the reason that this is strictly a nonpartisan measure, if there ever was one.

I want to say at the very beginning that I want all those who opposed the resolution yesterday to give us the careful consideration we are entitled to. I want to say there never was a bill before this House that had the support of the public that this bill has, and I may also state that yesterday this Capitol radiated hope, joy, and aspirations to every State in this Union. The telephone and the radio talked and the telegraph sputtered the news that we were finally to be permitted to get a vote on a bill that has been before the Congress for 5 years and has not been permitted to come up for discussion on the floor of the House.

I appeal to each and every Member to follow this discussion, because I can truthfully say that there are not 100 Members on the floor that know what this bill is. They have accepted erroneous reports about it, they have accepted misleading statements about it, and I want to say that the bill should be judged upon its merits, the bill itself and not upon what somebody has said about it. I think this is fair.

I want to say in concluding my statement before I start in to discuss the details of the bill, this morning there was sent to every Member of the House a document coming out of the Farm Credit Administration which I consider unfair and unjust, because the Governor of the Farm Credit Administration has been before the Senate committee. I have the statement here. He was asked by Senator FRAZIER whether he wanted to discuss this bill and he said he did not, and he made the suggestion to us that it was for Congress to consider.

When we had the heavens before the Committee on Agriculture of the House, I phoned the Farm Credit Adminis-

tration, but they did not appear. They did not appear in opposition to this bill, but at this late moment, this very morning, using the funds of the Government to lobby with, using the Government of the United States to send information here that we have not time to analyze and explain, this document goes to every Member, and I submit it is not fair practice, and I hope that the Black Lobbying Committee will include, before they get through, salaried lobbyists. They are the most dangerous to representative government. [Applause.]

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

Mr. LEMKE. No; I will not yield to anybody until I get through with my explanation, and then I shall be pleased to yield.

I am doing this so there may not be any misunderstanding because there are Members who want a correct explanation of this measure.

With these remarks by way of preface, let us take up this bill and let us find out what it is, and I wish to say to the Members of the House that before I get through I shall convince you this bill is not inflation unless every Federal Reserve bank note that has ever been issued is inflation.

I want you who hesitate on this point to follow carefully the statement that this bill is not inflationary, that we are not doing anything in this bill that the Federal Reserve bank has not been doing, not for 4 percent of the people as this misguided misinformation stated this morning, but for one hundred-thousandth of 1 percent, or for a few international bankers. There is not anything we are going to do that the Federal Reserve bank has not already been doing for a handful of individuals, but we are going to ask that the Federal land bank be permitted to get just a small part of the power that the Federal Reserve bank has. Is there anything wrong with this? Is not the Federal land bank as great an institution as the Federal Reserve bank? Will it not use its discretion and its good judgment as to how much of this \$3,000,000,000 it needs the same as the Federal Reserve bank uses its discretion as to how many Federal Reserve notes they are going to ask for when the sky is the limit for the Federal Reserve bank and this bill limits us to \$3,000,000,000. We are asking only a small part of that same power for the Federal land banks representing 32,000,000 of our population. Not only this, but in asking this power for the Federal land bank we are willing to pay 1½-percent interest, whereas the Federal Reserve bank pays nothing but the cost of printing, and I challenge anybody opposed, who questions this statement, to make it here on the floor and I will quote the law to him.

The Federal Reserve bank gets its Federal Reserve notes for absolutely nothing except the cost of printing or sevenths of 1 cent per bill, or 30 cents for \$1,000, which is the average cost. The farmers are willing to pay \$15 for a thousand, not only 1 year but for 47 years, if you please. In other words, under this act the Federal land bank will pay 50 times as much the first year for a thousand dollars of Federal Reserve notes as the Federal Reserve bank now pays. I am not denouncing that system, but I am calling the attention of those of you who have voted for the Federal Reserve Bank System that you are not fair or just to the Federal land bank when you deny the same privilege to the Federal land bank that the Federal Reserve bank has, when we are willing to pay 50 times as much the first year for the same service.

Now, I say that the Federal land bank has already been doing this same thing only in a roundabout way.

What is the roundabout way? When the Federal land banks cannot sell their bonds the Federal Farm Mortgage Corporation Bank buys their bonds and borrows the money from the Government. It has borrowed as much as \$700,000,000. Where did the Federal Government get the money? I say to you there are only two ways to get it. One is to go into the Treasury and take it out and then the Government borrows more of its own money back from the Federal Reserve banks, who put up more bonds of the United States and get more money issued to them. Then they loan this

money back to the Government and the Government pays interest on its own credit.

Well, I am not condemning the System, but let us be honest and give a part of that same power to the Federal land banks. There can be no question about the fairness of that.

Remember that we are not doing anything that the Government has not already done, nothing that the Federal Reserve banks have not been authorized to do, and that this Congress and the Government has not already authorized the Federal Reserve banks to do.

All we want to do is to liberalize it so it can go direct to the people without the limitations and red tape so that we can save 2,000,000 homes in these United States.

I do not care what the Farm Credit Administration says in regard to this question, but when the head of that institution refuses to discuss the bill and then at the last moment becomes a lobbyist, we will take the liberty to show that in 1935 they took away 13,000 homes from farmers.

Oh, they say, that little percentage does not make any difference. I want to say that there is not a man or woman in this body who has probably not received hundreds of telegrams and letters from men and women, begging them to save their homes which the Federal land banks are not doing and could not do under the present law.

Why should we permit one who wrote the Farm Credit Act, now Governor, to try to influence a Member of Congress when he is not subject to cross-examination?

But I understand that has all gone by. This body is now going to write its own laws from now on and save 2,000,000 farm homes.

Now the Farm Credit Administration and the Department of Agriculture come and tell you there is more activity and more farms are being sold. We were selling those farms? The Farm Credit Administration and the other mortgagees that took the homes away from the men and women who wanted those homes. They are the ones selling them, not the farmers themselves. One million, five hundred thousand dollars of farm homes were foreclosed prior to this administration. Of the remaining \$8,000,000,000, the Federal land bank has refinanced about one-quarter—two billion and something, let us say three billion—out of the \$8,000,000,000. They took the cream, and nobody dare come up here and deny it. They took the cream. They mortgaged and took the mortgages on these three billions and left the rest that wanted to be refinanced to their mercy, so that you have \$5,000,000,000 that the Federal land bank has not and cannot and will not take care of. What are you going to do with them?

They tell us that this bill will help only 4 percent of the people. I say to you Members that that is not a correct statement of the facts. Those five billion represent at least fifteen or twenty million men, women, and children. That is the way we count population. If what they say is true, if the percentage is too small, then let us wipe out the Federal land bank, because, if their statement is correct, that \$3,000,000,000 represents only 4 percent. Then, since two billion represents the loans that they have made, they have no business to exist. But no one is ignorant enough to believe the slush that is printed in this pamphlet.

Now, I have it from high authority connected with the Federal land bank that the bigger part of this five billion will be liquidated by mortgage foreclosure unless this bill is passed. I am not going to mention any names, because I do not want anybody to lose his job. I have it from good authority that some of them are trying to resign because they see that the present situation cannot work out. And it cannot.

Now, what does the Frazier-Lemke bill do? It provides that the United States Government shall refinance existing farm indebtedness at 1½ percent interest and 1½ percent principal by selling bonds at 1½ percent, tax exempt, the same as the others. I do not like that, but that is what we have been doing. Then, if those bonds are not readily

sold, the Government of the United States, through the Federal Reserve System, issues Federal Reserve notes, the same as we do now on Government bonds and other security; but this time it is secured by farms, the best security on the face of the earth—real estate, if you please. That is the situation.

Now we are doing this same thing. There is not any inflation about it, but we are going to offer an amendment that I hope will be accepted, but I will discuss that later.

Now, that is the machinery of the Frazier-Lemke refinance bill. There is absolutely nothing new about it. The Government of the United States sold several hundred million dollars of bonds recently at 1½ percent and they were over-subscribed. If they cannot sell them for 1½ percent, let us put agriculture on its feet and then they can sell all these bonds. It would be 3 years at least before we would issue the full amount of three billion under this act. This Congress would be in session at least three times before all that money is issued.

Now, let us take the bill.

Section 2 of is no importance, except that it outlines the policy just as I have told you.

Section 3:

The Farm Credit Administration is hereby authorized and directed to liquidate, refinance, and take up farm mortgages and other farm indebtedness.

Now, in that section, beginning with line 19, we will strike out everything on that page, because that refers to bankruptcy. Let us take all that refers to bankruptcy out of this bill. We do not need it. We want to pay our debts. The farmer does not want any moratorium. A moratorium just means that he is going to stand still for 3 years. So our steering committee has agreed that we cut the following language out:

In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceed the fair value of any farm and 75 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Such loans shall be made at a rate of 1½ percent interest and 1½ percent principal per annum, payable in any lawful money of the United States.

We have agreed to cut that out. It has nothing to do with the bill, and we are willing to let the farmers go through bankruptcy on their own account if they want to.

Now, we come to the next provision under section 4, with reference to livestock. The steering committee has agreed to cut out all of section 4, which relates to livestock, because we feel that the cooperative farm-credit banks can and ought to take care of the livestock situation. So we will cut out livestock. There will not be any livestock provision in this bill if the amendment approved by our steering committee is accepted. So we will have nothing but real estate back of these mortgages.

Section 5 makes an appropriation of \$100,000 for administration. Another inaccurate statement made in this lobbying pamphlet is that it will cost 1 percent to administer the farm indebtedness. That is not true. The bill provides that all of the expense shall be charged against the farmers, and that that be done from time to time, so that the Government gets net 1½ percent interest and loses nothing out of it.

Recently they pulled a red herring across the road when they said that the Government pays 1 percent interest to the Farm Credit Administration on farm mortgages. The farmer does not want the Government to pay 1 percent to the coupon clippers. The farmers want to pay their own interest. Therefore, we are willing to charge all expense, under the provisions of this bill, to the farmer.

Section 5 tells you how it is to be charged against them. I will read:

The necessary and actual expenses incurred in carrying out the provisions of this act shall be apportioned and prorated and added to each individual mortgage and such sums so added shall be paid to the Farm Credit Administration for administrative purposes.

That is a clear statement of what the bill says. Read the bill. Study it carefully, and the reports and hearings thereon, and you will have no trouble in knowing what these hearings are. We have plenty of them. There is a book containing the hearings both in the Senate and in the House on that bill, and every intelligent person ought to be willing to read those before jumping at conclusions.

Then we come to section 6. We cut out all that part of section 6 that refers to livestock, and we suggest several immaterial amendments.

Then section 7 is the section we find so much dispute about. That is the section that the international bankers do not like but that 95 percent of the American people want.

Sec. 7. In case all of said farm-loan bonds are not readily purchased, then the Land Bank Commissioner shall present the remainder to the Federal Reserve Board, and the Board shall forthwith cause to be issued and delivered to the Land Bank Commissioner Federal Reserve notes to an amount equal to the par value of such bonds as are presented to it.

Now, my friends, those of you who are opposed to this because it is inflation, let me say to you that is exactly what the Federal Reserve bank is doing right along. Why should we deny this same right to the Federal land bank with limitation? That is all we are asking. The Federal Reserve bank can go as high as it wants to, get as many notes as it has bonds, but we are limiting the Federal land bank to \$3,000,000,000; and, in addition to limiting the Federal land bank to \$3,000,000,000, we are making them pay 1½ percent interest, or 50 times as much for every \$1,000 as the Federal Reserve bank pays for the same privilege. I submit to you this is more than fair. We do not ask the same privileges that the Federal Reserve bank enjoys.

Then what follows? I want you to follow me carefully now. I may say that the steering committee was unanimous that the farm mortgages were better security than gold. They were unanimous in saying that it is not necessary to add any amendment to this part of the bill, but in order to satisfy a public psychology that is still wedded to yellow metal, the metal that we buried, and I hope forever, in Kentucky; and I hope you Kentuckians get it all, and I hope you will keep it there, we can get along without it; but in order to satisfy that psychology we give the President authority, if he wishes to put the same amount of gold—not gold, but pretended gold, make-believe gold, back of this bill as you have back of the Federal Reserve notes. That is fair enough, is it not? So we proposed this amendment, or they, the steering committee, accepted it, not that we need it—I prefer it were not there. I do not think we should fool people all the time, but some people must be fooled or they will die; they think gold is money. So we said, "Let us go ahead with it and give them the same security they think they have now behind the other money", and we put in the following proviso:

*Provided, however,* That the President, in his discretion, by Executive order, may set aside a gold fund in the Treasury, as a reserve for such notes, out of free gold in the Treasury or out of the exchange stabilization fund created by section 10 of the Gold Reserve Act of 1934, and maintain such a reserve fund in an amount equivalent in dollars to not less than 20 percent of such notes outstanding.

We give the President this authority if he wants to use it in order to satisfy a false psychology, if you please, that many people have. It is wrong for me to assume that we can take a goldbug who has been trained and raised all his life up to the age of 60 to believe that gold was the only kind of money; it is more than one can expect to change his belief in 1 year; it would be unfair to him. So we give him the same thing he is getting at the present time.

We come now to the machinery that is set up for this act. I may say that as to the machinery we create a farm agricultural board. This board is created in order to relieve you and me from answering all those letters we get. It is a board that represents the farmers. According to amendments we have agreed on, the board has no power except to advise the Farm Credit Administration, perhaps, not to send that kind of slush that they sent to us this morning when we are to vote on a bill when it ought to be here a sufficient time

beforehand that we could study and analyze it. The farm agricultural board has only advisory power and it represents the farmer. If it is to represent the farmer, why should not the farmers select their own representatives rather than to have the places filled by ward politicians? When this board is set up and I get 100,000 letters complaining, I will just hand them over to the board and say, "This is your job." It is an executive committee of three here in Washington, and stands between the farmers and their representatives and the bureaucrats up here as the representatives of the other end of Government. There is nothing wrong about that. We have amended it to make its powers advisory only. Surely no one can object to that.

I have given you a rough outline. I want to call your attention to a few things. The statement has been made that the Federation of Labor is against this bill. I challenge the accuracy of this statement, because I was present and know that the late Mr. Truax got the statement from Mr. Green that neither he nor his organization were fighting the Frazier-Lemke refinance bill; that they had no objection to it. That was in May 1934, and it has not been repudiated in writing. Mr. Green did give out a statement that he was against inflation, but he knew enough to know, as I assume—I did not talk to him—that this bill is not inflation.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Just a minute, if the gentleman does not mind.

Mr. KVALE. If my memory serves me correctly, the late Mr. Truax made the statement himself from the well of the House.

Mr. CONNERY. Mr. Chairman, will the gentleman yield? Mr. LEMKE. Very briefly.

Mr. CONNERY. I looked up this matter last night and find that the only record made by the American Federation of Labor was in 1934 during their annual convention, when the executive committee issued a resolution against uncontrolled inflation. Mr. Green in his statement recently came out against uncontrolled inflation, but you will find no record from the American Federation of Labor placing it on record against the Frazier-Lemke bill. [Applause.]

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. DUNN of Pennsylvania. Why should the American Federation of Labor be opposed to legislation that is humane and progressive?

Mr. LEMKE. May I make the statement that this is the same kind of misinformation that has been given to the Members of Congress in regard to this bill so far as inflation is concerned all the way through. This is not inflation at all. It is not any kind of inflation, let alone uncontrolled inflation. No one is for uncontrolled inflation. We are simply asking for expansion of the currency under the same rules and regulations that you have expanded it by the issuance of \$4,000,000,000 of Federal Reserve notes.

Mr. DEEN. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Georgia.

Mr. DEEN. The gentleman knows I am one of the Members who signed his petition, and the gentleman also knows it was on condition that we would consider the bill and perhaps amend it if we could. Will the gentleman tell the House whether or not he is in favor of this proposition? In the event a bond cannot be sold is he in favor of having the money issued by the Treasury on chattel mortgages taken on livestock, cattle, hogs, goats, sheep, and use that as a basis for the money? Will the gentleman tell us whether or not he expects the House to vote for the bill in that condition?

Mr. LEMKE. I appreciate the good work the gentleman has been doing, and may I say to him that we are getting that kind of money right now, through these cooperative banks, and this was brought out in the Senate hearings on this bill. They are lending money on cattle. However, we are going to take that paragraph out entirely so that there will be no question about that. We will wipe it out.

Mr. DEEN. In other words, the gentleman is going to eliminate the provision which will require the issuance of money on livestock of any kind or description?

Mr. LEMKE. That is correct.

Mr. BARRY. Will the gentleman yield?

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

Mr. BARRY. Under section 17 of this measure, it states that the benefits of the bill shall be extended to any tenant or member of his or her family who desires to purchase part or all of the farm lost or another like farm provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act. In other words, this bill permits any tenant who has operated a farm for 2 years prior to the enactment of this measure to obtain money. Will the gentleman tell me just how many tenant farmers in the United States would be eligible to obtain money under this act?

Mr. LEMKE. I may say the question is impossible of answer, because there are a lot of tenants who do not want to own a farm. As far as I am concerned, we are willing to do the same as the Federal land bank has done; that is, go as far as the bill possibly can, so far as taking care of the people is concerned. I may say we are putting a limitation in there taking out the unencumbered part, and our steering committee will accept that as an amendment. I may say to the gentleman from New York, that there never has been a bill offered that covered all of the cases or put all the people on an equal basis. When we passed the Home Loan Act in this Congress, we permitted the people living in cities and town to mortgage their homes.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield myself 15 additional minutes.

Mr. BARRY. Is it not a fact that under this section, regardless of what the gentleman may say, there are enough people eligible to obtain money to absorb the entire \$3,000,000,000 that the act provides for?

Mr. LEMKE. No; because I am satisfied, if we have a proper rate and if we have the same power as the Federal Reserve banks, that they will be glad to buy these farms. In fact, there is enough money in the banks now if they would just use it to take care of the whole bond issue.

Mr. DOXEY. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Mississippi.

Mr. DOXEY. The gentleman has made references in his speech to the steering committee. Do I understand that is the regular steering committee of the House?

Mr. LEMKE. No; it is not.

Mr. DOXEY. Let us get the record straight.

Mr. LEMKE. The steering committee to which I refer is composed of men and women who are in favor of the Frazier-Lemke bill. It is an unofficial steering committee, but it will be official later on.

Mr. DEEN. Can the gentleman tell us whether or not he expects the membership of the House to vote for the provision of this bill which sets up a farm board to be elected by the people of the respective counties and parishes of the different States? In other words, the gentleman does not expect me to vote for a proposal which would turn this whole thing into the greatest political organization in the history of the Nation? I could not vote for a matter of that kind; neither could I vote for that livestock proposition.

Mr. LEMKE. I am not suggesting that this be a political machine. It is the same kind of machine as the Federal land bank has, which sends out scores of collectors and spends the farmers' money. There are so many collectors that the farmer does not know which way to turn. We are amending the bill to make that only advisory. Surely the gentleman would have no objection to his farmers getting together and selecting someone who will advise them as to the best method of liquidating the mortgages on their farms and someone to cooperate with the Farm Board?

Mr. DEEN. The gentleman knows that the land bank and the Farm Credit Administration, as well as the Federal Re-

serve banks, do not hold elections to elect people to operate this whole business.

Mr. LEMKE. Unfortunately they were supposed to under the original Farm Land Bank Act, and that is what the gentleman from Nebraska [Mr. BINDERUP] will tell you about before he gets through. But that has been taken away.

Mr. FULMER. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from South Carolina.

Mr. FULMER. Is it not a fact that under the original bill that was the whole purpose of the bill? But today they are sending men into the various land-bank districts who have never been in those districts, and they are running the affairs of the Federal land banks.

Mr. LEMKE. That is correct.

Mr. DONDERO. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Michigan.

Mr. DONDERO. Under section 17 of the bill I notice that it extends to any farmer or member of his family who lost his or her farm by foreclosure since 1921 certain benefits. Now, suppose the gentleman had foreclosed a mortgage for a client of his in 1922 and the redemption period has become absolute. The farm has been sold to a third person. How would this bill apply to a situation of that kind?

Mr. LEMKE. I am afraid the gentleman has misread the bill. The farmer may buy a similar farm. It says, "similar farm", expressly. The gentleman is misconstruing the intent of the bill. That is not the intent and we are going to amend that and bring it up to about 1925 or 1928.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BOILEAU. The clear purpose of that provision is to permit a farmer or a person who has lost his farm to buy it back, provided the person who now holds it wants to sell it.

Mr. LEMKE. Yes.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Does not this bill purely and simply give the farmer an opportunity to reorganize his capital structure to meet present-day conditions? This Congress voted for section 77B, which permits business to go into court and reorganize its capital structure downward, and does not this measure give the farmer the same opportunity?

Mr. LEMKE. It gives the farmer the privilege of reorganizing at such a rate of interest that he can make good. It takes into consideration ability to pay, rather than the rate of interest involved.

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

Mr. LEMKE. I yield.

Mr. CELLER. Is it or is it not true, according to the paper we received from the Farm Credit Administration, that only 66 percent of the farms of the country are not mortgaged?

Mr. LEMKE. I would say that is not true.

Mr. CELLER. How many farms are mortgaged, by percentage?

Mr. LEMKE. I would say that depends on what you consider to be a farm. If you take the acreage, I would say about 80 percent is mortgaged; but if you include the little, small farms and consider it from the standpoint of individual farms, including the little chicken and truck farms, and so forth, of those who live near the large cities, as is being done in that statement, then a lesser number are mortgaged; but I want to take it by acreage, and I would say that 80 percent or more of the acreage of the Nation is mortgaged.

Mr. CELLER. How many farms are there left that are not mortgaged?

Mr. LEMKE. I do not know, and neither does the Farm Credit Administration.

Mr. COLDEN. Mr. Chairman, will the gentleman yield for two questions?

Mr. LEMKE. Yes.

Mr. COLDEN. The gentleman's bill provides, as I understand it, for about one-third of the farm indebtedness of this

country. What is the gentleman going to do about the other two-thirds?

Mr. LEMKE. I may say that this refinancing under the bill will be under the control of the Farm Credit Administration, and at present it has been unable to take care of them all; and we will take \$3,000,000,000 more out of the \$5,000,000,000 it has not seen fit to take care of, and then we will use the money that comes in as a revolving fund and continue this plan until we get all the farmers of this Nation out of debt; and suspend all this resettlement business where it costs \$18,000 to settle a farmer in Alaska, when if the same amount of money had been given to the farmers here in this country they would be the richest people in the Nation.

Mr. COLDEN. And you are going to charge one class 4 and 5 and 6 percent and another class 1½ percent.

Mr. LEMKE. You have always done that, and some are now paying 6 and 7 and 8 percent and some are paying less.

Mr. COLDEN. As I read the bill, there is no limitation on the amount you are lending to each farmer.

Mr. LEMKE. The limitation is already fixed by the Farm Credit Administration.

Mr. COLDEN. What is the limit?

Mr. LEMKE. I think \$25,000.

Mr. CARPENTER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. CARPENTER. According to my experience, the greatest difficulty the farmer is up against today is the high rate of interest he has to pay. Does the gentleman agree with that?

Mr. LEMKE. Yes.

Mr. CARPENTER. And one of the greatest benefits the farmer will get out of this bill will be lower rates of interest.

Mr. LEMKE. Lower rates of interest, and not only that but the preservation of 2,000,000 farm homes in this Nation.

Mr. CARPENTER. And is it not the gentleman's judgment that one of the main reasons for the opposition to this legislation is the opposition of the banks and mortgage companies to the lower rates of interest as proposed in the legislation?

Mr. LEMKE. I do not know where the opposition comes from. It seems to be an underground channel, and I have not been able to discover it.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. FULMER. I would like to state to the gentleman, in line with the statement made by the gentleman to my right that you are discriminating as to \$6,000,000,000 worth of farm mortgages; is not that the case today with the Federal land banks?

Mr. LEMKE. Certainly.

Mr. FULMER. They have refinanced about \$3,000,000,000 worth and under this bill we would continue to take that same type of loan just as fast as any other and the farmers are now paying 5, 6, 7, and 8 percent.

Mr. LEMKE. Yes.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Michigan.

Mr. CRAWFORD. With reference to mortgaged farms, under date of May 9, the Farm Credit Administration addressed me and sent me five tables. Table no. 5 states:

Number of farms in the United States, January 1, 1935, census of 1935, 6,812,049.

Estimated number of mortgaged farms, 2,300,000.

Number of tenant farms, including croppers, in the United States, January 1, 1935, census of 1935, 2,865,155.

Mr. LEMKE. I thank the gentleman for the information.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. ASHBROOK. I want to say to the gentleman that I am sympathetic, as you know, and expect to vote for this bill, but I would like to ask the gentleman a question for information.

I had a wire this morning from a constituent of mine who lives in my home county. He bought a valuable farm at peak price. He has a loan on it with the Federal land bank. Due to the depression and the slump in the value of real estate and farm commodities he has been unable to meet the payments and the farm is advertised to be sold on the 23d of this month. I would like to ask the gentleman in what way will this bill benefit and help that farmer?

Mr. LEMKE. I do not know what the law is in your State but if he has a year redemption then he would have an opportunity to refinance up to the present value of that farm. If he cannot make an arrangement there is no relief because we cannot compel the creditor to accept less than the amount due unless he has the good judgment and decency to take another loan on the farm and put the man on a self-sustaining basis.

Mr. ASHBROOK. Do I understand if the farm is sold on the 23d of this month and this bill became a law, which I hope it will, that within a year he will have an opportunity to refinance the farm at present values?

Mr. LEMKE. Absolutely.

Mr. GILLETTE. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. GILLETTE. Section 3 authorizes the liquidation of farm mortgages and 75 percent of the value of the insurable buildings. What is the limit?

Mr. LEMKE. The limit is the lien indebtedness. The lien, perhaps, on his home. It puts the limit on his indebtedness as the present value of the farm.

Mr. GILLETTE. The limit is the loan indebtedness?

Mr. LEMKE. Yes.

Mr. McFARLANE. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. McFARLANE. The question of interest is the main question here involved in this bill as I see it. Since the Federal Government loans to the Federal land banks at the actual cost of printing—about 30 cents a thousand dollars—why should anybody object to a farmer paying 50 times as much—1½ percent interest?

Mr. LEMKE. That is what the farmers cannot understand.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. MARTIN of Colorado. I want to ask this question as bearing on the alleged inflation. The gentleman said that the Reconstruction Finance Corporation had issued four billions in notes. I want to ask the gentleman where is the money; has it not all been reabsorbed by the banks?

Mr. LEMKE. The money is in the banks, but they cannot loan it out because there is no credit left.

Mr. MARTIN of Colorado. This money will go into the banks, too, will it not?

Mr. LEMKE. It will ultimately find itself in the banks, and it will wipe out some of the three hundred billion too much public and private debts, and you will not have to be looking for new cows to milk in order to satisfy the tax-eaters of this Nation. [Laughter and applause.]

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

Mr. LEMKE. I yield.

Mr. CELLER. I would like to ask the gentleman this question: We come from the city. We would like to know whether or not the gentleman would be willing to include in this bill city dwellings; and if so, what would be the total cost to the Government?

Mr. LEMKE. I may state you cannot include everything in one bill. If I had the power to draw a bill that would make everything perfect for all the future, I would decline to do it, because I want our children to have something to do. [Applause.]

Mr. CELLER. Does not the gentleman think we should have some relief in the cities?

Mr. LEMKE. You have had the H. O. L. C. A similar bill to this was introduced in the Seventy-third Congress by Congressman Swank, of Oklahoma, and it has not been followed up by any of these people who wish to help the city

home owners. I have been fighting just as hard and will continue to fight for the city people. I want the homes preserved wherever they are. You do not expect the Federal land banks to make loans in the city any more than we expect the H. O. L. C. to make loans on farms. You have to keep these two institutions separate.

Mr. CELLER. But we pay 5 percent on loans in the city.

Mr. LEMKE. Why do you not introduce a bill to lower it? I am with you. [Applause.]

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. KENNEY. The gentleman has made a statement which has gone unchallenged, which is a source of some concern to me. It has to do with section 7 of the bill. It is there provided that the bonds that are not readily purchased may be taken to the Federal Reserve Board and Federal Reserve notes may be issued against them.

The CHAIRMAN. The gentleman has consumed 45 minutes.

Mr. LEMKE. I yield myself 5 additional minutes, please.

Mr. KENNEY. In that connection the gentleman has stated that is no more or less than a privilege accorded to the Federal Reserve Board at the present time.

Mr. LEMKE. That is correct.

Mr. KENNEY. Will the gentleman tell us whether or not there is not a distinction there in this case: That we are forcing the Federal Reserve Board to issue notes against securities that have not been purchased, and for which presumably there is no ready market, whereas today, under the principle in vogue, currency is issued only against bonds which have already been purchased and which presumably are marketable.

Mr. LEMKE. I will state that the bonds against which Federal Reserve bank notes have been issued, we have been informed, were backed by Insull bonds, and some of those may be back of some of the notes that we have in use now.

Now, I must limit myself because there are others who want to speak on this bill.

Mr. AYERS. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. AYERS. The gentleman allowed one question to go unanswered that must be answered before this House. The question was asked where the opposition to this bill came from. The opposition comes from the same people who opposed the original Patman bill, and secured a bond issue in order to pay the bonus bill, so that the banks would secure the privilege. It comes from the Liberty League. It comes from people outside of this House, organizations in this country who have fought every relief measure that this administration has put over. That is where it is coming from. It is coming from people who are not for the people of this Nation.

Mrs. GREENWAY. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mrs. GREENWAY. Am I correct in understanding that the city home cannot be used as a parallel issue for the reason that the home in the city is an expression of money earned, while the farm is an expression of the basis of earnings?

Mr. LEMKE. That is correct. They should be treated separately in separate bills. The problems are different and must be kept entirely separate for administrative purposes. The loan on a farm home is an entirely different problem than a loan on a city home. There should be a bill drawn to cover urban homes.

Mr. MARTIN of Colorado. And is it not a fact that a home owners' amendment would not be germane to this bill?

Mr. LEMKE. It would not be.

Mr. MICHENNER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. MICHENNER. There is some difference of opinion. For instance, I do not agree exactly with the gentleman from Montana [Mr. AYERS] on this question of inflation. The gentleman whom I am interrogating and I possibly do not agree on the question of inflation, but I have been told

recently that the gentleman has a bill prepared, and that it is his purpose, if this bill passes, carrying \$3,000,000,000—call it inflation or whatever you want to; to introduce that bill covering city property, and that Members from the city here are being asked to vote for this bill with the understanding that the city property will be taken care of in the follow-up bill. Is that true?

Mr. LEMKE. That is not correct. I have offered to draw a bill for some of these people who have opposed this bill and who have taken their names from the petition, if they would introduce it. If they do not know how to draw it, I will draw it for them. [Laughter and applause.]

Mr. MICHENNER. There are some who do not fear \$3,000,000,000 as inflationary, but there are some of us who fear unlimited inflation which another bill might mean.

Mr. LEMKE. One further word in regard to labor's position, because a number of statements have been made on this subject that are very misleading. I have a letter from Hon. I. M. Ornburn, former member of the United States Traffic Commission, and now secretary-treasurer of the Union Label Trades Department of the American Federation of Labor. He has endorsed this bill. The Union Label Trades Department comprises 43 out of 110 national and international unions, including over 1,000,000 members of organized labor. On January 15 of this year Mr. Ornburn sent me the following letter:

I heartily endorse the Frazier-Lemke bill, the purpose of which is to refinance the farm mortgages at a lower rate of interest. I do not know of any security for Government loans better than first mortgages on the productive land owned by American farmers. Surely if the farms that produce our raw material are not good security—nothing else is.

The opponents of the Frazier-Lemke bill point out that if it is passed, more money will be put into circulation. I do not know of any better method of restoring prosperity than by increasing purchasing power, especially when such money is based upon sound security.

Cordially yours,

I. M. ORNBURN.

[Applause.]  
[Here the gavel fell.]

AMENDMENTS TO H. R. 2066 PROPOSED AND ACCEPTED BY THE STEERING COMMITTEE  
Section 2

Page 2, line 4, beginning with the word "and", strike out all down to and including the word "annum" in line 6.

Section 3

Page 2, line 13, strike out "farms" and insert in lieu thereof "farm lands."

Page 2, line 14, strike out "farms" and insert in lieu thereof "farm lands."

Page 2, line 19, beginning with the word "In", strike out all down to and including the period in line 3, page 3.

Section 4

Page 3, strike out lines 6 to 17, both inclusive.  
Renumber sections 5 to 19 as sections 4 to 18.

Section 6

Page 4, line 7, strike out the first comma and all that follows down to the period in line 9.

Page 4, line 13, strike out "the duty of" and insert in lieu thereof "lawful for."

Section 7

Page 4, line 19, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 4, lines 23 and 24, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 5, line 1, after the word "reserve" and before the period, insert a colon and the following: *Provided, however, That the President, in his discretion, by Executive order, may set aside a gold fund in the Treasury as a reserve for such notes, out of free gold in the Treasury or out of the exchange stabilization fund created by section 10 of the Gold Reserve Act of 1934, and maintain such reserve fund in an amount equivalent in dollars to not less than 20 percent of such notes outstanding."*

Section 8

Page 5, lines 5 and 6, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Section 9

Page 5, line 11, beginning with the word "Whenever", strike out all, down to and including the word "the" in line 12, and insert in lieu thereof "The."

Page 5, lines 13 and 14, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 5, line 17, strike out the figure "2" and insert in lieu thereof the figure "3."

*Section 13*

Page 7, line 8, strike out the figure "5" and insert in lieu thereof the figure "4."

*Section 14*

Page 7, line 21, strike out the figure "5" and insert in lieu thereof the figure "4."

*Section 15*

Page 8, line 8, beginning with the word "and", strike out all down to and including the word "by" in line 10.

Page 8, lines 10 and 11, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 8, line 17, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

*Section 16*

Page 9, line 1, strike out "1921" and insert "1925."

Page 9, line 4, strike out "an encumbered farm" and insert in lieu thereof "a farm not exceeding \$10,000 in value."

Page 9, line 5, strike out the word "two" and insert in lieu thereof the words "three consecutive."

*Section 17*

Page 9, line 7, beginning with the word "executive", strike out all down to and including the word "Agriculture" in line 8, and insert in lieu thereof "Farm Credit Administration."

Mr. JONES. Mr. Chairman, I yield 15 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, while this controversy does not involve the issue of life and death, at the same time it is of vital importance. It is important to me because it is important to the people whom I have the honor of representing. Regardless of the outcome of this debate, I believe that all of us, Republicans and Democrats alike, can well afford to center our hopes in the rising glories of this great Nation of ours. Surely we are making progress and our leadership has declared, "We shall not retreat." I do not believe this Congress will subvert or destroy, but, on the other hand, that it will at all times seek to reconstruct and to save the great American system, that system which has been builded upon the everlasting and immutable principles of justice and "equal rights to all men with special privileges to none."

I come from one of the great agricultural districts of this country, and I am bold and frank to state that as a Congressman my first love is the farmer of my district, my State, and my Nation. I regard agriculture as the mother of all arts and the nursemaid of all industry. It animates every species of industry; it creates and maintains manufacturers; it gives employment to navigation; it furnishes the material for commerce; it is the art of arts and the most honorable employment of man; it is the bedrock of well-regulated society and is the surest basis of internal peace.

Coming as I do from one of the great agricultural sections, I am anxious at all times to devote my time, my attention, and my talent to the solution of the great problems facing the farmers of this country today. It was because of my interest in agriculture that I wanted to be elected by you as a member of the House Committee on Agriculture, so that I might have an opportunity to consider all legislation which was proposed which might affect the welfare and the happiness of those people who earn their living on the farms. But, my friends, I hope that I will not permit my zeal to become intemperate to the extent that I will depart from the leadership of the great party now in power to follow some fantastic monetary scheme which is advocated, not by this administration, not by the Farm Credit Administration, or the Treasury, but by a Republican leadership which seems for the moment to have taken over the control of this Democratic House of Representatives. [Applause.]

I take the position that this bill is not fair, that it is not just. Why, this bill discriminates within the very class it seeks to benefit. If this \$3,000,000,000 of additional currency is not an expansion of the currency, if it is not inflation, why limit the amount to \$3,000,000,000 when the farm mortgages of the Nation amount to approximately \$9,000,000,000?

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. No; I must decline to yield.

Mr. RANKIN. The gentleman asked for an answer to his question.

Mr. COOLEY. I do not yield. The gentleman can answer it in his own time.

Mr. RANKIN. I shall be very glad to do so. It can very easily be answered.

Mr. COOLEY. It stands to reason that the Government, under this measure, will be called upon to take over the bad mortgages. We know that by no act we may pass here today or at any time in this Congress, in the light of the decisions of the Supreme Court, can we impair the obligations of an existing contract. We know that a majority of the land mortgages of this Nation are held by the insurance companies and the banks. We know further that the effect of this bill will be to "bail out" the insurance companies and the banks to the extent of the bad loans they now have on hand, because they will not be willing to surrender the good loans which pay a higher rate of interest. Yet how can it be suggested that this bill, which will benefit the banks and the insurance companies to the extent of relieving them of their bad mortgages to the extent of the full value of the property which is encumbered by the mortgage, is opposed by the banks and that the bankers have any interest in defeating it.

Notwithstanding the propaganda, notwithstanding the radio speeches, notwithstanding the activities of the National Union for Social Justice and the Catholic father in the Shrine of the Little Flower, and notwithstanding the speeches that have been made here and elsewhere, I have not received a single letter from a single farmer in the Fourth District of North Carolina asking me to put my stamp of approval upon this bill.

Mr. DUNN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. No; I have only a little time.

I do not own any stock in any insurance company or bank; I have no interest in any bank or insurance company, and my only interest is to try to do the right thing.

The author of this bill complains about propaganda. Does he stop to think about the propaganda that has emanated from the sponsors of this bill, who now complain about the information given by the Farm Credit Administration, which they call slush? What part of it is slush? What part of it is false? What part of it is misleading? They can answer this when their time comes. You cannot point out wherein it is false or wherein it is misleading. O Mr. Chairman, there has been a desperate effort made to bullwhip and browbeat some Members of this Congress into voting for this bill. Why, they told me that the general assembly of the great State of North Carolina had memorialized me to vote for this bill. Yes; and the general assembly of my State of North Carolina has done other foolish things, my friends. One day during the last session its members memorialized me to vote for the repeal of the processing tax, the one thing that brought more happiness to the farm homes in North Carolina than any other act that has ever been passed by the Federal Congress. [Applause.] But when they realized what they had done and the effect of that act on their part, about 2 or 3 days later they sent us another memorial requesting that we not consider the memorial sent earlier urging us to vote against the processing tax.

The proponents of this bill have brought pressure to bear from every nook and corner. Shall the legislature of my State dictate to me what I should do as a Representative of the people of the Fourth District? No, Mr. Chairman; I have no control over any votes in this House except one, but, thank God, I have control over that vote, and I will not be bullwhipped, browbeaten, or intimidated by even the general assembly of my own State, and much less by the Catholic priest of Michigan.

We may as well be fair in the consideration of this matter. Are we going to discriminate to the extent of helping only one-third of a class? If this is not expansion of the currency, or inflation, why not put it up to the limit and make it \$9,000,000,000? What about the city man who comes to me as a Member of Congress and says, "You gave the farmers an interest rate of 1½ percent. What about the poor city

dweller?" The humble citizen who is living in a hut in a city, trying to earn a livelihood for his little brood, striving to pay off the mortgage on his house in order to give shelter to his children, are we going to deny him the same fair treatment you are asking for the farmer?

Mr. Chairman, I could not be so unfair. I could not be so unjust. Then, if we are going to embrace city mortgages, it will not be just \$9,000,000,000, but somewhere near \$29,000,000,000, and even the most ardent inflationist in this House would throw up his hands in holy horror at any such suggestion as \$29,000,000,000 in new currency. Yet we Democrats are asked today, after hearing the Governor of the Farm Credit Administration ridiculed and denounced on the floor of the House by a Republican, to turn our backs, not only upon the leadership of the House, not only upon the Democratic Party, but upon that great President who now occupies the White House. I know not what course the other Members may choose, but, Mr. Chairman, I prefer to stand by MARVIN JONES, of Texas, and Franklin D. Roosevelt, who I know are friends of the farmers, than to stand by LEMKE and FRAZIER, the Republicans from Dakota. [Applause.]

What will happen to the financial structure of this Nation? When Uncle Sam holds a mortgage on every poor man's farm and on every poor man's home in America, either by virtue of this legislation or otherwise, what will be the situation then? Uncle Sam will be called a Shylock, the cruel holder of the lien, and will not be permitted at any time to foreclose or collect. There will be cries for moratorium after moratorium, and ultimately there will be a demand for cancellation, which can end only in chaos. This program will lead us down the primrose path of inflation and bring chaos to this Nation. Do not forget that it is being sponsored by a gentleman who delights in opposing the present occupant of the White House and who would rejoice in his defeat. Shall we repudiate our President and follow a new leadership? The gentleman sponsoring this bill seems to be very much excited about helping the farmers of this Nation, but back of it all is money—money.

Mr. Chairman, this bill is not a solution of our farm problem. It leads us not to equality for agriculture. The Federal land banks and the land bank commissioner have refinanced practically all of the debt-burdened farmers of my district. We could give the farmers an interest rate of 1½ percent, but still the great problem would confront us tomorrow just as much as it did yesterday. We should enact legislation which will bring to the farmers of this Nation a fair and just price for the commodities they produce by their sweat and toil, a price that will return them a fair profit for their labors. Then you would not hear the farmers complaining about an interest rate of 1½ percent or 3 or 4 or 5 percent. We must find a market for the tremendous surpluses produced by this great Nation and when we find that market, either at home or abroad, or when we can give the farmers of the Nation even the price they received under the A. A. A., they will pay the 3½-percent interest rate, they will retire their loans, they will pay their taxes, and they will not be calling upon Congress to pass relief bills for them. Therein is the solution, and instead of our talking so much about this measure, if we would devote our time and attention to a solution of the surplus problem of this country we would be making headway. [Applause.]

I believe that the present administration is fostering the highest form of democracy, that it is sincerely seeking to find a new freedom for the men and women who work in the fields and factories of the Nation, and is sincerely striving to solve the titanic problems confronting a complex civilization. This administration has brought a degree of relief to the farmers of the Nation and will continue in its efforts in the direction of equality for agriculture. Again I repeat, shall we repudiate that leadership and place our stamp of approval upon a half-baked proposition which is sponsored by Republicans?

The low rate of interest which this bill proposes to give to approximately one-third of the debt-burdened farmers, would be unfair to the remaining two-thirds who must con-

tinue to pay interest rates varying from 3½ to 8 percent. The same injustice will be visited upon future generations of farmers, who, of course, will not be benefited by the pending bill. The contemplated low rate of interest would, in effect, put a premium upon mortgaged property and penalize the thrifty while benefiting the unfortunate. The difference in the rate of interest which will be paid by those whose property is mortgaged and who are fortunate enough to refinance under the pending measure, and the rate of interest which will be paid by the ordinary citizen who has been thrifty and whose farm is not mortgaged, and by those whose farms are mortgaged and who are unable to refinance under the bill, would be more than sufficient to pay the taxes upon the property. The effect of the measure, therefore, would be to make the farms refinanced under the bill tax free while other farmers are tax burdened. Is this just? Is this fair? The premium placed upon the mortgaged property would naturally increase its resale value to such an extent that the benefits of this bill would be more than offset by the increased price which subsequent purchasers would have to pay. The only benefit, therefore, would go to the owner of the property which is now mortgaged and which is refinanced under the bill. The two-thirds of the farmers whose farms are now free and clear of debt, as well as farmers who could not refinance under the bill, would obviously be hurt rather than helped by this proposed legislation. No individual or private agency could compete with the Government in this field. The result would be, to illustrate what I mean, if a prospective purchaser desired to purchase a farm, say of the value of \$10,000, which is encumbered with the Frazier-Lemke mortgage, for its full value, at the rate of interest of 1½ percent, the principal to be repaid over a period of 47 years, and another man owns a \$10,000 farm which is unencumbered, which he is willing to sell upon reasonable terms, the deferred payments to bear a reasonable rate of interest, but who is unable to finance the deferred payments at 1½-percent interest and over a period of 47 years, certainly, it is only natural to suppose that the prospective purchaser would prefer to purchase the mortgaged farm with the low rate of interest and easy terms. Certainly, it would be difficult, under these circumstances, for a thrifty man, whose farm was not mortgaged, to dispose of it profitably in the event he desired to sell.

Since only approximately 66 percent of the farms in the United States are mortgaged, and since the amount contemplated by this bill is only approximately 33½ percent of the amount of the outstanding farm mortgages, the \$3,000,000,000 provided under H. R. 2066 would take care of approximately 30 percent of the farmers whose farms are mortgaged at the present time and would, therefore, provide benefits for less than 15 percent of all of the farmers of the country at the expense of the 85 percent remaining, of the farmers and other taxpayers.

#### FEDERAL LAND BANK SYSTEM WOULD BE RUINED

If a substantial percentage of land-bank borrowers refinanced their loans under the provisions of H. R. 2066, the Federal land banks would receive cash for the mortgages so refinanced, which cash they would have to hold, since they would be unable to call outstanding issues of farm-loan bonds, most of which bear interest at from 3 to 4½ percent and are not callable for from 8 to 10 years. Since there are no sound securities in which the banks could invest the cash thus obtained on a basis which would yield an amount sufficient to pay the interest on their bonds, they would inevitably be forced to default, which would mean receivership and eventual liquidation of the system. This would mean the loss of the \$113,000,000 capital stock investment of some 600,000 farmer borrowers through the system, as well as some \$217,000,000 which the Government has invested.

#### ACCOMPLISHMENTS UNDER PRESENT LEGISLATION

Nearly 750,000 loans for approximately \$2,000,000,000 have been made by the Federal land banks and the land bank commissioner since May 1, 1933. Estimated scale-downs in con-

nexion with these operations approximate \$200,000,000. Annual interest reductions as a result of such refinancing amount to \$38,000,000 on the basis of the contract rate. When temporary interest reductions are added, the total saving to the farmers of the country for the year ending June 30, 1936, will approximate \$74,000,000.

Liberal provision has been made for deferring principal payments and for granting an extension of time on past-due items where farmers, through no fault of their own, have been unable to meet their obligations.

With decreased interest charges and improved prices the amount of farm products required to pay interest charges has decreased materially. Whereas in 1932, 25.5 bales of cotton were required to pay the interest on a \$10,000, 6½-percent farm mortgage; the interest charges on a \$10,000 Federal land-bank loan in 1935 could be paid with only 5.9 bales of cotton. Similar improvement has taken place in other lines of agricultural production.

For the country as a whole, 9.6 percent of the gross farm income was required to pay the interest on the farm-mortgage debt in 1932. In 1935 the corresponding figure was 4.5 percent, the lowest during the 10-year period, 1926-35.

The number of delinquent Federal land-bank borrowers has declined substantially. As of December 31, 1933, approximately 47 percent of all Federal land-bank borrowers were delinquent; as of December 31, 1934, 34 percent of such borrowers were delinquent; while as of December 31, 1935, only 27 percent of all borrowers were delinquent.

During 1935 the farmers of the country voluntarily repaid principal to the Federal land banks in an amount greater than they would have been required to pay had no deferment privilege been granted.

During 1926 it is estimated that there were 18.2 foreclosures per 1,000 farms in the United States. In 1932 the figure reached 38.8 foreclosures per 1,000 farms. By 1935 the number had decreased to 19 foreclosures per 1,000 farms.

I am consistent in my opposition to the pending bill in its present form. I voted against reporting it by the Agriculture Committee. I was anxious to have an opportunity to study the feasibility of lowering the rate of interest now given to farmers by the Farm Credit Administration and, if possible, to vote for and to support some measure which might bring some equitable relief to the farmers of the Nation at large, but a vote was demanded and the bill was reported. The Rules Committee was discharged and the bill is now before the House. I can only express the hope that it may meet with defeat. While I have no desire to urge unduly the Members of the House to cast their vote against this measure, I do urge you to give it the benefit of your very best thought. I may be wrong and I may be mistaken. If I am, the error can some day be corrected. [Applause.]

Mr. JONES. Mr. Chairman, I yield 15 minutes to the gentleman from Maryland [Mr. LEWIS].

Mr. LEWIS of Maryland. Mr. Chairman, this bill proposes an immediate inflation of the currency by more than 50 percent. I cannot vote for the bill, worthy as its intended beneficiaries are, and I want to give my reasons.

There are 33,000,000 life-insurance policy-holders in the United States. These policies average \$2,000. And their paid-in value aggregates over \$20,000,000,000, more than the total value of the railroads of the United States. Nearly one in every four of the population holds such a policy or is interested in its benefits. Some 328 insurance companies are conducting this massive business, and it may be said with patriotic pride for them that they have in recent years passed through the most crucial financial test that insurance companies might have ever successfully met.

Sir, in Austria, in Germany, in France, and in Italy, before the war they had like life-insurance companies equally well managed and discharging a similar great function of saving for the people; but what happened to them? Following the war, under an inflation of the currency of these countries, the entire value of the Austrian insurance policyholders was lost. Eighty percent of the paid-in value of the French insurance

policyholders was lost, 75 percent of the Italian policyholders was lost, and 90 percent of the German policyholders was sacrificed.

What was the occasion of tragedies so Nation-wide and so utterly devastating to such a worthy part of their population? Ah, it was the policy of paying public debts and marketing public policies with printing-press money by inflation statesmen in those countries. In Germany, for example, although they came out of the war with less than 37 billion marks, later inflation raised the currency to 2,000 billions in 1922 to 28 quadrillion marks in September of that year and by December to the superastral figure of 497 quintillion marks.

Mr. Chairman, this stupendous inflation of these currencies occurred not because anybody wanted it to occur, not because anybody intended that it should occur, it occurred because once inflation got started down its toboggan, nobody could stop its headlong descent to financial anarchy and perdition.

In Germany, for example, the purchasing value of the mark began rapidly to fall. At length employers and employees found it necessary to readjust their wages monthly; soon they had to readjust wages weekly; then, at length, every day; and near the tragic end of the chapter the workmen were allowed an extra hour at noon to go out and spend the day's wages, in order that they might get some value for their toil before the day's inflation had destroyed the fruits of the morning's labors. Depositors, sensing the situation, withdrew their savings out of the savings banks to spend them before they became valueless, and within a year all the savings banks were empty and have not yet fully recovered.

The farmers—yes, the farmers, too—were victims, for when they sold their products they immediately had to spend. They bought diamonds—diamond rings—and stockbrokers bought carpenter tools in order that at the end of the insane frenzy of inflation they should have something real in their hands to trade for their needs. All kinds of pensions existed over there, earned pensions as well as public pensions, and what happened to them? In Austria a \$50 pension, for example, dropped to a value of \$7.35 a month and never got back beyond the point of \$25.

Now, perhaps, you say, "Oh, well, Mr. LEWIS, this was all due to the war." It was not due to the war. It did not happen in Great Britain, that suffered as much from the prosecution of the war as Italy, France, Germany, or Austria. It was due to the falsity, implicit and inescapable, in the inflation philosophy.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. LEWIS of Maryland. I cannot yield.

Now, in this measure there is an immediate issue of \$3,000,000,000 involved. I want to say to you sober Representatives of the American people, this is the largest first step in inflation ever undertaken in history. If it succeeds in this measure, it will be followed by others. We will then be on the toboggan with Austria, Germany, Italy, and France, and when once on that toboggan, our statesmen will no more be able to control the subsequent train of events than the inflation leaders of those countries.

My God, have we not had enough of the lessons of inflation in the fields of both public and private finance? We know what such inflation, printing-press stocks and bonds, did in the field of private investment. We know the story of 1929, 1930, 1931, and 1932—what followed that false philosophy which closed every bank in the United States. After all, what is it we want—the restoration which we all seek so urgently? It is confidence. Businessmen must have, not only confidence in Government—thank God, that confidence we fully have—but they must have a confidence in one another and especially in the financial instrumentalities of commerce.

We ourselves have worked earnestly to restore the purpose of the confidence essential in commerce, in industry, and in our financial organization. But the passage of a bill like this, ladies and gentlemen, would, by one act, utterly wreck

this work of restoration during the last 3 years. It would destroy all reasonable hopes for years. I dare not now pull back the curtain to disclose the financial anarchy that would ensue with another break-down of the financial credit of both the Government and our private financial organizations.

Sir, there are two motives impelling this measure. I shall speak of the worthy one first. It is that appeal which the farm makes to all human beings. Yes, the farm was the cradle of civilization. Yes, the farm is still the best man maker and the best woman maker on the face of the earth. Certainly there could have been no government, no religious or ethical system without their development on the farm throughout the ages.

(The time of Mr. LEWIS of Maryland having expired, he was given 2 minutes more.)

Mr. LEWIS of Maryland. We all acknowledge that, but I want to say that this bill provides no remedy for farm injustices. Give the farmers a just price for their product; that is the remedy. [Applause.]

Now, another motive actuating this measure is politics. If the American people do not soon go on strike against politics, they may wake up some morning to learn that they have no Government left to play politics with. It is true that no Philip of Macedon has ever horded his way over the North American Continent; and firmly we Americans are resolved that no ambitious and unscrupulous imitator of Stalin, Hitler, or Mussolini ever shall. Yet if ever the work of Washington shall be undone, charge it now to irresponsible legislation of this character.

Now, my fellow Members, I thank you warmly for the patience with which you have heard the reasons why one Member, representing, as I think, one of the best agricultural districts in the United States, finds it necessary to so differ with the proponents of this bill. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman, I listened with great interest to the speeches of the gentleman from North Carolina and of my distinguished friend from Maryland. I think it is a pity that this discussion cannot avoid emotion, because if there ever was a matter which required intellectual processes, it is the matter now before the committee.

My distinguished colleague from Maryland, in his impassioned appeal about inflation, lost sight of two fundamental facts which stand out through all history from the beginning of time until the present moment. One of these facts is that inflation has never occurred anywhere at any time in a stable government. The second fact is that inflation cannot occur until all the wanted goods and services which can be produced have been distributed or are being distributed. These two fundamental facts are entirely lost sight of by the eloquent gentleman from North Carolina and by my colleague from Maryland.

Now, let us see whether or not some of those who find it necessary to vote for this bill are inflationists. When we began to consider the Banking Act of 1935, we found that the excess reserves of the member banks of this country amounted to \$2,700,000,000. We found that the necessary reserves amounted to \$2,700,000,000. We realized that there was danger of a tremendous inflation, because these excess reserves, when used by the banks, could be multiplied by at least 15 and result in \$40,000,000,000 of loanable funds. So the House committee, when it introduced the bill, provided that the Federal Reserve Board, in order to prevent excessive inflation or deflation, should have control of the reserves of member banks and raise and lower them as they saw fit, in order to prevent inflation and deflation.

We did two other things in the House in order to prevent inflation. We knew that the reserves of the Federal Reserve banks amounted to \$4,200,000,000. We realized that meant that the Federal Reserve banks had available to lend to member banks two and one-half times that amount, or over \$10,000,000,000. We realized that if that money was borrowed by the member banks and expanded 15 times when

loaned, it would amount to more than \$150,000,000,000. We realized that combining the two potential inflations of the member banks and the reserves of the Federal Reserve banks, we would have the tremendous sum of over \$190,000,-000,000. So what did the House Committee on Banking and Currency do? We tried to give the entire right to raise the reserves to the Governors of the Federal Reserve Board. But what we were finally able to do over the opposition of the conferees on the part of the Senate, and over the bankers' opposition, was to give the Federal Reserve Board the right to raise the reserves up to 100 percent. With that right to raise the reserves up to 100 percent, it could wipe out the \$2,700,000,000 of excess reserves of the member banks, and prevent that \$40,000,000,000 inflation. That is what the House Committee on Banking and Currency and the conferees, supported by the House, did to prevent inflation. That is one of the things. And realizing the tremendous potential inflation because of the \$4,200,000,000 of reserves of the Federal Reserve banks which could be translated into \$157,000,000,000, we succeeded, after days and nights of toil, in getting into the bill a provision that the Federal Reserve Board should control the rediscount rates, which means that the Federal Reserve Board can so raise the rediscount rates as to entirely prevent this \$157,000,-000,000 inflation or any part of it.

Did you ever hear of the Liberty League, did you ever hear of the Economy League, did you ever hear of the great credit structure which has its apex in Wall Street denounce the condition we found when we began to consider the 1935 bill? No. We had to fight that element every inch of the road in order to prevent this great inflation. They do not care anything about inflation so long as it is inflation created by debts to them. And they come in here and talk about inflation, involving the relatively insignificant sum of \$3,000,-000,000 in real money. God save the mark!

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. LEMKE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GOLDSBOROUGH. Mr. Chairman, it has been impossible up to this time to create the substantial medium of exchange in this country except by debt. This debt is mounting hundreds of millions of dollars a year. The backs of the American people are bowed down by it. Under this system, instead of the masses of the people getting the benefit of what the people can produce, we are destroying production that is needed by millions of people who do not know where their breakfast is coming from 10 days from now. While I could not have introduced a bill like this, arbitrary in its provisions, unscientific in its demonstration, yet it serves notice on the great creditor class that the people of the United States are beginning to find out there is some way they can transact their business without going from the cradle to the grave with a burden of debt on their shoulders, which their children for the next generation, and for generations yet unborn, will have to bear.

So, Mr. Chairman, it is because of that broad principle, because of the fact that this socialization of credit constitutes a beginning of understanding that there is no reason in a rich country like this why we should transact our business based on debt, that I am supporting this bill. There is another reason. For 50 years I have been watching the farmer. When I was a little boy driving around with my grandfather, who was a country doctor, I saw how they were burdened with debt. I know of hundreds of cases where that same debt, as I said before, has been transmitted from generation to generation; and whenever I can help them I propose to do it. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Chairman, I grew up on a farm, remained on it, and worked on it until I was 25 years of age. I went from the farm to the practice of law and in connection with it had the privilege of serving at the head of a national

bank for more than 20 years. When the inflation, or deflation, or whatever you call it, came to us in 1933 and all of the banks in this country were closed, the one with which I had been associated for 20 years stood like the Rock of Gibraltar and paid out at the back door while the President's Executive order was in existence in order to keep people from starving. That was because we had adopted a rule early in the history of the institution that we loaned money on real-estate mortgages based upon 50 percent of the fair market value of the farm. The Frazier-Lemke bill, in violation of the banking rule, and of the rule of insurance companies that have made millions and billions of dollars of real-estate loans, authorizes the Federal Government to lend money based upon not the fair and reasonable value of land but upon the fair value of the land. It authorizes loans to be made based upon 75 percent of the value of the buildings and improvements. It authorizes loans to be made upon 65 percent of the value of livestock—something that is transitory, something that is liable to be carried away, liable to be lost; in fact, it is perishable property, just like the buildings are perishable, as they may be lost through fire and things of that kind. Having grown up on a farm, having worked with my hands as a toiler for low wages from the age of 10 to 25, having been associated with banking circles, having had long years of experience in the law practice, I feel that I am in position to know something of the danger of this character of legislation, and I feel that I am able to speak with some feeling of confidence on this subject. I want some of the proponents of this legislation to answer this question. Whether the Federal Government has done more for any other group of our people than it has done for the American farmer? And whether or not the Seventy-third and Seventy-fourth Congresses have done any more for any other class of people than we have done for the American farmer? I am glad to have voted for and supported all farm-relief legislation since I have been a Member of this body.

I, therefore, as a Democrat, and as one who believes in the fundamental principle of equal and exact justice to all men with exclusive privileges to none, believe it is infinitely unfair to say to about 85 percent of the American farmers who have borrowed from the Federal land banks and from the Federal Land Bank Commissioners at 5 and 6 percent interest that we will lend to another class of American farmers at 1½ percent interest. I believe in equal treatment to all and special privileges to none. I am afraid—desperately afraid—that after this Congress—and when I say this Congress I mean the two sessions of the Seventy-fourth Congress—has laid upon the back of the Federal Government a bonded indebtedness of \$21,000,000,000, that if we thrust upon it through these loans another \$3,000,000,000 we may bring the terrible monster of inflation upon this country that will make it necessary for the people of this country—what people?—the laborers of America, the working people, numbering in all the crafts and trades more than 40,000,000 of our citizens, to do what the people of Germany had to do during their period of inflation. Following the World War the streetcar conductor who worked on a wage base of \$5 per day had to get off his streetcar in the evening and take a market basket full of German marks to the store before he could buy enough food for one meal. This is the thing we are coming to if this character of legislation is passed. I do not care whether the President of the United States be Herbert Hoover or Franklin D. Roosevelt, I would follow him in opposition to this bill because I believe first in the foundation stone of the great American Republic that is laid upon the great doctrine of equal and exact justice to all men, with exclusive privileges to none. [Applause.]

Let us see what else they do in this bill. They will, of course, never come to do it unless this Congress has gone crazy or unless I have gone crazy; and I hope I have not; but if I should vote for this bill I would feel as though I had.

Do you believe it is fair to me as a farmer to require me to pay even 5-percent interest on a farm loan and then say to my neighbor just across the fence that you will lend him money at 1½ percent? What happens to the 85 percent of our farmers who have not borrowed from the banks? Sixty-

six percent of them have no mortgages at all. This 85 percent of the farmers who have not borrowed from the banks would be up against the worst sort of discrimination any man could conceive. Why? Because you know that a loan extending 47 years at 1½-percent interest is far below a reasonable rental value of any farm, and the result of it would be that there would be a market for the man whose loan extended 47 years at 1½ percent, and no market for the man who is paying 6 percent. So it would discriminate against 85 percent of the farmers in order to help 15 percent of them. If you are going to lend \$3,000,000,000 in this country to 15 percent of the farmers and make it on a 47-year basis, at 1½ percent, you are going to leave out of consideration \$21,000,000,000 of indebtedness on urban and city property that is under mortgage at from 4 to 6 percent.

Let justice be done to all our farmers without discrimination. Inflation is always followed by an era of destructive deflation, such as we have experienced since October 1929, for which we are now having to pay the penalty in billions of dollars. Who were the greatest sufferers under the deflation that followed that credit inflation? It was the laborer and the consumer. The laborer in lower wages and resulting inevitable suffering. The consumer in higher prices and less to eat and wear. Notwithstanding my great sympathy for the farmer, this is such a dangerous and discriminatory character of legislation that I cannot support it. I must stand by the toilers and wage earners and with the President of the United States. [Applause.]

If it is not inflationary, then let us bale out all of the banks and insurance companies that hold these mortgages. If it is not inflationary, let us put on top of the \$20,000,000-000 that we have already put the Government in debt another twenty or thirty billion dollars; then we will have a sure enough problem on our hands. We will have not merely inflation but chaos.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MAY. Mr. Chairman, I want to answer the distinguished gentleman, who is a member of the Banking and Currency Committee.

Mr. WHITE. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Idaho.

Mr. WHITE. Was not the same condition practiced by the Reconstruction Finance Corporation? Did they not lend money cheaper to one borrower than the borrower could get from outside sources? The Reconstruction Finance Corporation did all the things the gentleman has been complaining of.

Mr. MAY. If the gentleman is going to answer, I will not have time to answer my colleague. The Reconstruction Finance Corporation laid down certain rules and regulations covering industries, which rules and regulations were based on sound banking rules and the Reconstruction Finance Corporation followed them. But if it be true that Reconstruction Finance Corporation has discriminated, is that a reason why we should? In this instance we are adopting a rule which provides for 1½-percent interest, based on the full value of the farm. If the farmers are as hard up as they say they are, and everybody knows they are doing better than they have done in the last 10 years, they will move off, abandon, and leave their farms.

Mr. KLEBERG. Will the gentleman yield?

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

Mr. KLEBERG. Following the question asked by the gentleman from Idaho [Mr. WHITE], my distinguished friend, does the gentleman think that because the Reconstruction Finance Corporation might have practiced some little discrepancy or discrimination that makes it right for us to go ahead with this kind of legislation and continue that sort of practice?

Mr. MAY. I should say that was the basis of the gentleman's argument and the reason for his statement. His position is perfectly in harmony with this bill.

Mr. Chairman, I want to answer the gentleman from Maryland, who is a member of the great Banking and Cur-

rency Committee of the House. He says there has been no complaint from the Federal Reserve Bank, there has been no complaint from insurance companies, and there has been none from Wall Street. Of course, they do not complain because they expect the Federal Government to bail them out on a lot of stale loans. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, there seems to be some apprehension on the part of the preceding speaker that the passage of this legislation will bring on inflation. I would direct the attention of the Members of the House to section 6, on page 4, which provides for refinancing farm indebtedness through the issuance of bonds, and only in the event the bonds fail to sell will currency be issued, and then in an amount not to exceed \$3,000,000,000.

I look upon this measure as the remedy necessary to bring agriculture back to a reasonable level of prosperity. We may legislate until we are black in the face in an attempt to restore prosperity in this country, but I say there will be no prosperity, and there can be no prosperity, until we have restored the buying power of the farmers. You cannot expect the farmer to regain his buying power so long as the greater part of his income is devoted to the payment of taxes and interest. The gentleman from Maryland [Mr. GOLDSBOROUGH] referred to the fact that he had known several generations of farmers in his State, most of whom passed on debts from one generation to another. That is the case all over the country. The children of farmers inherit debts rather than property, and it has been my observation that these debts increase with time.

We reduced the interest rate for the farmer a short time ago, but the reduction was not sufficient to be of assistance. The farmer must get money at the rate that the Frazier-Lemke bill provides if he is going to work his way out and again become a contributing factor to the welfare of our country. There is no class legislation involved in the pending measure.

Can any Member of this House give any good reason why a farmer should not get money at the same rate of interest that is carried by much of the commercial paper put out by corporations? Surely no Member of this body will contend that a conservative farm mortgage is not better than any other form of security. I would say that a farm mortgage is even better security than Government bonds, because all wealth comes from the soil.

During the war we loaned billions of dollars to the Allies at 1½ and 2 percent. It has turned out that those advances have resulted in total loss through repudiation. Shall it be said that we are more considerate of foreign nations than we are of the people who raise the food for our tables and provide us with clothing?

The Frazier-Lemke bill deserves to pass both Houses of Congress with an overwhelming majority. It is one of the most beneficial pieces of legislation that we have ever had before us. I regard it as the best possible insurance for the perpetuation of the Republic.

One-third of our farmers are renters, according to the census of 1935. We may pass laws without number prohibiting the teaching of communism and other forms of destructive radicalism, but all of them combined will not contribute as much toward the maintenance of our institutions as will the passage of the Frazier-Lemke bill, because under its operation our tenant farmers would become farm owners, and property owners are never radical. I pass this thought on to you conservative Members who represent city constituencies.

Mr. Chairman, I have no fear that the passage of the Frazier-Lemke bill will bring on inflation, as I have discussed it with several sound financiers, who have assured me that there is not the least possibility of that happening unless the measure is materially broadened. Of course, no one wants inflation. We saw what happened in Europe following the war, and no Member of this body would vote to bring on such a condition in this country. I feel that this legislation is

necessary to the welfare of our country, and I strongly urge every Member of this body to vote for it. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Chairman, the discharge rule on the pending bill has caused me a great deal of trouble, because as a result of my refusing to sign the discharge petition I had opposition in the primary and the people in my district are voting on my case today. I have been out in my district for the last 2 weeks, and I have told the people that I was going to vote against this iniquitous bill. [Applause.] So they know where I stand. I would like to let the Members know where we stand as a Democratic Party if we pass this piece of legislation.

The Democratic Party in only one instance in its history has even gone off on the proposition of sound money. The Democratic Party in its platform of 1932 declared for sound money, and this bill violates every principle of sound money. It does more than that, Mr. Chairman; this bill violates a monetary principle that has come down to us through the centuries; that is, that money belongs to the people and does not belong to the state. This bill contemplates that money belongs to the state. If you set aside the principle that has come down through the experience of the centuries, then we are indeed going down the primrose path that was suggested by my friend, the gentleman from North Carolina.

The Committee on Agriculture voted this bill out of committee without any great studies made of it, and this bill was never passed upon by the Banking and Currency Committee of the House. They never had it up for consideration, and we are sitting here today being asked to change a principle, without competent committee consideration, that has come down through all the ages.

Mr. Chairman, Mark Sullivan, a week ago Sunday, in the Washington Star, had an article, and I want to read a small part of it, because I believe it tells what is going on and what is likely to happen in this country.

One of two major dangers which the depression brought to America, I have said, was violent inflation of the kind which after the war took place in several European countries. This danger still exists. I do not wish to overemphasize it. I would not make a 50-50 bet that it will take place, though some competent judges would.

And competent judges, as Sullivan says, will know more about it after we take a vote on this bill in the House.

This danger of violent inflation to whatever extent it exists, involves within itself the other danger, the danger of a new form of society and government, for, if inflation should really come in America and go on to a catastrophic stage, the result would be a collapse, a collapse much more serious than the depression, and after the collapse would come a period of chaos in which we would again be subject, as we were in the depression and to a greater degree than by the depression, to the danger of falling into or being taken into a changed form of society and government.

Mr. WHITE. Mr. Chairman, will the gentleman yield? Mr. FIESINGER. I cannot yield.

So that it is not possible to consider the two perils separately, one, the danger of inflation contains within itself the other, the danger of a changed form of society and government.

This is what you are voting for under this bill. You are voting in the final analysis for a changed form of government and I predict you are going to have a dictatorship in America. First, you will have chaos and then a dictatorship.

Mr. Chairman, the Roosevelt administration has with unusual and unrelenting vigor attacked the farm problem. The farm problem, in large measure, grew out of the fact that farm products had been left while industrial products were more or less restricted in their economic play, due to trade barriers, trade agreements, and monopoly. The result was that agriculture received too little and industry received too much out of the common reservoir of income; to express it another way, the farmer's dollar bought too little of what industry had for sale, and industry's dollar bought too much of what agriculture had for sale. Because of this abnormal

condition, in large part due to the fact that agriculture was subject to different and more hazardous play of economic forces than industry, it cost more to finance agriculture than it did industry.

Now, as I said, the Roosevelt administration has attacked the problem, attempting to give agriculture some of the privileges enjoyed by industry, to wit: Regulation of supply to demand, to the end that higher prices may be enjoyed; lower rates of interest on money needed to finance itself, and by the institution of reciprocal-trade agreements, that industrial prices may be kept in check if not lowered, and also as a means of giving purchasing power to people abroad to buy our agricultural products and thus relieve agriculture of too much restriction in product, and thus moderate the cost thereof, which falls heavily upon the Federal Treasury. That the economic system has responded to this treatment is borne out by the recovery we have had during the past few years. That these policies, in view of the whole economic picture, are essentially sound and helpful, hardly anyone will deny, except those who have adverse political motives, or those who, because of special economic pressure, are chasing rainbows in a field of proposals, which are, to say the least, in conflict with administration policies. This bill would wreck the whole Roosevelt recovery program.

Mr. Chairman, some weeks ago when I was being importuned to sign discharge petition no. 7 that was upon this desk, I tried to make a fair and impartial analysis of the Frazier-Lemke bill, and presently I am going to give the House and the country the result of my effort.

Before I begin, let me say that I have been interested in lower rates of interest on farm mortgages and I went down recently to the Farm Credit Administration and had a talk with Governor Myers, and I pleaded with him to recommend that we have lower rates upon farm mortgages. Governor Myers seemed to take the position, and with sympathy for the farm debtor, that it would disturb the fiscal policy of the Government. It is claimed by the proponents of this bill that 30,000,000 people—that is practically the entire farm population—in the United States are back of its enactment, and that some 29 State legislatures have petitioned the Congress that it be made into law. There is no doubt a considerable force is in favor of this bill. On the other hand, there is a very substantial force, including farmers, who are against the bill; but among those who have voiced their approval, how many would have done so if they had known just what consequences this bill would produce?

Fortunately, information and data is available to indicate the possible confines of those most likely interested in the measure. The following data was elicited from reports of the Department of Agriculture of a very recent date:

The number of farms in the United States is 6,800,000; mortgaged farms, 2,300,000; farms not mortgaged, 4,500,000.

According to the above there are 6,800,000 farms in the United States, and of this number about one-third are covered by mortgage debts. Of the 2,300,000 farms mortgaged, 800,000 are financed through the Federal land banks at the lowest rate of interest ever known for farm mortgages in this country or any other country.

I should think it reasonable to assume that the farmers without mortgage debt would not be interested in this measure, and those who are financed through the Federal land bank at the lowest rate of interest ever known would be only passively interested. The remaining owners of farms may have an active interest in the measure, although of this group not all, by any means, are in distress, for great numbers of them are now financed by banks and insurance companies.

In other words, it was estimated that of the farmers in this country, not over 10 or 15 percent were in distress, and we are changing a monetary principle that has come down through the experiences of the ages to satisfy 10 or 15 percent of the farmers of this country, and I noticed in the document handed to us this morning that has been criticized here, that out of a thousand farms in 1926 there were 17.3 foreclosures, while the number went up in 1933 to 38 farms per thousand, and in 1935 it came down to 21, while this

year it is estimated the number will be back to 19, or almost equal to the 1926 figure, which was what we consider a normal year for agriculture. In that year agricultural prices were in parity with industrial prices.

Now, I do not wish anyone to infer from what I have said that I have not sympathy for the farmer, or anyone else for that matter, who may be in distress. I wish it were possible never to have another foreclosure, but that is impossible, and there are limits beyond which the Government may not go. The Government must at all times be just to all its citizens, including our churches, schools, and colleges which pay 4.5 and 6 percent, and if it accorded preferential treatment to a limited group of farm people it most certainly should extend the same consideration to all farm owners and to city home owners and other classes who can meet reasonable qualifications. The size of such an undertaking must serve to reveal the absurdity of such a proposition.

The liquidating and refinancing of these mortgages under the plan proposed in this bill would not establish parity on the part of agriculture with industrial prices. The use of banking credit under the plan proposed by the bill would most likely inflate all prices, industrial as well as agricultural, in like degree and continue any disequilibrium that may now exist. Its only effect would be to shift the burden of debt of the farmers benefited to the backs of the farmers not benefited and to the wage earners, savings-bank depositors, holders of insurance policies, and people having and living upon fixed incomes. But this is not the worst of it. These same classes would pay toll to speculators and holders of corporation equities who would reap a rich harvest.

This measure is class legislation. It is discriminatory without helping agriculture, and it injures every other class.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. FLESINGER. I will yield if I have the time.

And, again remembering that but one-third of the farms would be entitled to benefit under this bill, the owners of these farms would receive an unjustifiable, competitive advantage over the other two-thirds not entitled to participate, for immediately farms entitled to participate would reflect in value the advantage of a subsidized interest rate and long-term conditions of payment under amortization.

For example: A and B have adjoining farms of equal size and value. A is entitled to benefit under the terms of the bill. B is not. A's buyer would probably receive little or no advantage, because A's loan or right to secure a loan at less than half the rate of interest that long-term money commanded, would command a premium for A, measured by B's disadvantage. We cannot make fish of one farmer and flesh of another—class legislation is un-American.

The bill provides that the liquidation and refinancing undertaken is to be done through the use of the machinery of the Farm Credit Administration and the Federal Reserve Banking System. I submit that it is not machinery that is intended to be used, but the machinery facilities and credit of those institutions.

The bill would compel the refinancing of farm mortgages up to the fair value of farms and 75 percent of insurable buildings and improvements thereon. That is contrary to all experience and practice. I submit that would hardly place any restraint upon human nature. It is within a farmer's power to skin the land of its fertility, allow the buildings and fences to decay, and then depart, for unless he has sentimentalities there is little, if anything, to hold him. Bonds based upon such security would not float in open markets except at considerable discount, nevertheless national banks and Federal Reserve banks are required in the bill to invest all their surplus and undivided profits in those bonds, which are to be used as collateral to secure up to \$3,000,000,000 of Federal Reserve notes. And notwithstanding the fact that the bonds which are secured by these mortgages and Federal Reserve notes are dependent for their stability upon the payments of interest and amortization payments, the executive committee shall have the power, in case of crop failures and in other meritorious cases, to extend the time of payment on loans under this act from time to time for a period of 3 years, provided the mortgagor keeps up the payments of all taxes on the

mortgaged property. There seems to be no limitation here. The executive committee may extend payments of interest and amortization for 3 years and then extend it again for 3 years, and then again for 3 years, provided the mortgagor keeps up his taxes. The bill places no limitation upon indebtedness other than it must be farm indebtedness and exist at the time of the act. That it may not be due, or that Congress could not accelerate its due date, or violate contracts between debtor and creditor, seems not to have bothered the writers of the proposed legislation.

The bill provides that the Farm Credit Administration, through the Land Bank Commissioner and the Federal land banks, shall issue bonds in the manner now provided by law, which bonds in full face amount shall cover farm and chattel mortgages in full face amount. These bonds are to be delivered to the Farm Credit Administration, which may offer them for sale at not less than par to any individual or corporation or to any State, National, or Federal Reserve bank or to the Treasurer of the United States.

Two of these classes mentioned may not exercise their free will to refuse the offer of the bonds, for Federal Reserve banks and national banks are required to invest their available surplus and net profits in the bonds. This procedure and the procedure as to Federal Reserve notes are perfect examples of forced loans. Such loans are not new to history, and became so obnoxious to English freemen that they long ago imbedded an inhibition against such practice in the fundamental law of England, and our constitutional fathers following their examples have provided likewise in the Constitution of the United States. Not to mention other features, this feature alone renders this bill clearly and unmistakably unconstitutional.

All bonds not sold freely or forced upon unwilling purchasers shall be presented to the Federal Reserve Board, which shall forthwith cause to be issued and delivered Federal Reserve notes in an amount equal to the face of the bonds, and the bonds are deemed sufficient collateral to secure the Federal Reserve notes, which shall not exceed at any one time \$3,000,000,000. This amount is in addition to the amount taken by forced loans against the Federal Reserve and national banks, which are compelled to invest all surplus and profits after dividends. National banks under this bill are placed at a serious disadvantage compared to our State banks.

Federal Reserve banks are depositories for the reserves of member banks. Deposits are made by banks with Federal Reserve banks in about the same manner that one deposits money in his home-town bank. Outside of the stock and surplus account these deposits are the principal assets and liabilities of Federal Reserve banks. To liquefy these deposits, Federal Reserve banks must be kept absolutely liquid at all times. These banks are the last refuge of liquidity, and as such are the keystone to the whole banking and commercial structure.

Now, in compelling the Federal Reserve banks to issue these notes secured by farm mortgages, and in compelling Federal Reserve banks and national banks to invest their surplus and undivided profits in these bonds and absorb about all their liquid assets, what would happen?

Most sensible persons dislike to predict what the future holds, but I am sure most eminent authority in such matters would predict that the mere making of this bill into law would carry potentialities of wrecking the monetary and banking structure of the United States, causing widespread panic, trade stagnation, unemployment, bankruptcy, and a host of economic ills. Our currency must be sound and stable, our credit high among the nations of the earth, or our people have no hope of enjoying prosperity.

Mr. Chairman, I could not vote for a bill that even carries the potentialities of such frightful consequences. Heretofore I made the statement that these bonds would not float in financial markets except at a discount, that discount may be measured as to their security compared with Government bonds, and Frazier-Lemke bonds are not guaranteed by the

Government, and the interest coupon is less than one-half of the average the Government has had to pay for money for the last 20 years, which average was approximately 3% percent.

The bill further provides that all payments of interest and principal on bonds covered by Federal Reserve notes shall be paid to the Treasurer of the United States, and shall be kept by him for the purpose of redeeming said Federal Reserve notes, but in the meantime it shall be used as a sinking fund and invested in farm-loan bonds issued under the terms of this act. This means that principal and interest payments on bonds covered by Federal Reserve notes are not to be used in retiring the notes, but such payments are to be used for further investment in the bonds.

Mr. THOM. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. THOM. Suppose the \$9,000,000,000 in farm mortgages held by farmers were offered to this new institution in order to obtain 1½ interest rates. Which of these \$9,000,000,000 would be recognized; which man would have the loan taken care of. There is only \$3,000,000,000 authorized in this bill.

Mr. FIESINGER. The bill does not say anything about that.

Mr. THOM. Then there would have to be discrimination, would there not?

Mr. FIESINGER. Of course.

Mr. McFARLANE. The same proposition was made to the Farm Board and the Farm Credit Administration; why was not the same question raised then?

Mr. FIESINGER. We took care of that by orthodox financing. We were not violating a monetary principle which has come down through the ages.

Mr. WHITE. Will the gentleman yield?

Mr. FIESINGER. Yes; I yield to the gentleman from Idaho.

Mr. WHITE. Did not we finance the Federal Reserve System in the same way?

Mr. FIESINGER. No; by all means, no.

Mr. WHITE. And did not that bill violate the monetary principle?

Mr. FIESINGER. No; it does not. In answer to that question, I say this: I have been accused of talking one way and voting another. I stand strong on what I have always advocated in this House. I am as strong today as I ever was, and that is this, that the Congress of the United States should do its constitutional duty. [Applause.] That is, to coin money and regulate the value thereof. It has never done its duty and it is today allowing the bankers to do it, and I am against that just as strong today as I ever was.

But this bill does not reach that problem by any means.

Mr. WHITE. The Federal Reserve currency was issued against Federal obligations.

Mr. FIESINGER. I cannot yield further.

Mr. KENNEY. I think the gentleman ought to answer the gentleman from Idaho.

Mr. FIESINGER. I did not hear the gentleman's question.

Mr. WHITE. I said the Federal Reserve currency was issued against Federal obligations.

Mr. FIESINGER. But they were not forced on them. These are forced loans which the Constitution of the United States inhibits. You are changing the whole monetary structure and putting on the Federal banks and the national banks forced loans.

Mr. WHITE. What about the farm loans made by the farm-loan bank?

Mr. FIESINGER. There is no forcing of loans there. If those loans were forced the Supreme Court of the United States would say that the authority was unconstitutional, as they will say under this bill. I was about to answer that question. I will go on. I know my time is getting short. I want to talk about this board of agriculture.

Mr. MAY. Mr. Chairman, will the gentleman yield for a question?

Mr. FIESINGER. Yes; I will yield.

Mr. MAY. On page 4 of this bill there is a provision which provides that the Federal Reserve banks and national banks shall invest all their earnings and all payments of dividends in these bonds.

Mr. FIESINGER. Yes. What the proponents of this bill want is inflation. It is the same old wolf in sheep's clothing that has been snarling at the door of Congress ever since I have been here.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. BOILEAU. An amendment will be offered to make it permissive instead of mandatory.

Mr. FIESINGER. It is rather perplexing for me, because I do not know what proposals are going to be offered. But in its final form it will either be inflation leading the way to uncontrolled inflation or saddling the debts, or part of the debts, of indebted farmers on the Government, which is what the bankers and insurance companies want.

Mr. BOILEAU. If it is made permissive, it certainly would not be an obstacle.

Mr. FIESINGER. If you make it permissive this bill will fall flat, because no Federal reserve bank and no national bank nor anybody else will ever invest in these bonds, because they will only be worth 50 cents on the dollar. Put mortgages upon farm land at full value, plus 75 percent of the insurable value of the buildings, and these bonds will go down to 50 cents on the dollar. There is no question about that in my mind.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. WOLCOTT. In that respect, may I call the gentleman's attention to the fact that under the Banking Act of 1935 we provided in the open-market provisions of that bill, authority whereby the Federal Reserve Board can compel banks, if it adopted as a policy, to take these or any other bonds that the Government may issue.

Mr. FIESINGER. Have you tried that out before the Supreme Court of the United States?

Mr. WOLCOTT. It is generally conceded that the Federal Reserve Board has the authority.

Mr. FIESINGER. I would like to see a decision of the Supreme Court of the United States on the proposition of forcing these banks which own the private money of this country. I would like to see the authority sustained by the Supreme Court of the United States.

Mr. WOLCOTT. That is what we provided for last year in the Banking Act of 1935.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. FIESINGER. There is set up by the bill a board of agriculture to be composed of one member from each State elected by delegates selected by mass conventions of farmers in each county or parish within the United States who are indebted and declare it to be their intention to take advantage of this act. This could hardly be called democratic government, for only those who are indebted and declare it to be their intention to take advantage of this act are entitled to vote. A farmer having no indebtedness is not entitled to vote, nor is a creditor entitled to vote, although he may have long-term contracts with those entitled to vote. No representative of the Government, the Farm Credit Administration, the Federal banks, the Federal Reserve Board or banks, or national banks are entitled to vote. This is a government entirely of debtors and their elected State representatives shall elect members of the board of agriculture, one from each State, which, in turn, elects an executive board of three members, none of whom shall be members of the board of agriculture. This executive board or committee, as it is named in the bill, has some very extraordinary powers.

The members of the board of agriculture shall keep in touch with and report to the executive board on the progress

made in liquidating and financing farm mortgages, and in doing so they shall cooperate with county or parish or State organizations, and with all farm and cooperative organizations within their respective States, and county or parish organizations shall at all times cooperate with and assist the board of agriculture, the Farm Credit Administration, the Federal land banks, and national loan associations. This executive board, with its disconnected network of cooperation, assistance, and report as a background, shall advise and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Farm Credit Administration and the Federal Reserve Board, and they, the said executive board, shall cooperate with the Federal Farm Administration, and so forth, and so forth.

The executive board is tied, and responsibly so, to the board of agriculture, because its tenure of office is subject to the will of the board of agriculture. The bill gives the executive board the power to advise with and supervise the work of liquidating and refinancing farm indebtedness by the Farm Credit Administration and the Federal Reserve Board. To advise with and supervise gives this board powers in connection with the purposes of the act greater than like powers conferred upon the President of the United States. It would give this board the power, in plain words, to boss the Farm Credit Administration and Federal Reserve Board. Let us take an example that no doubt would frequently happen. Suppose the Farm Credit Administration reported an appraisal of a farm at \$5,000 and the executive board said the appraisal should be \$10,000. Under its power to supervise, which means to have general oversight over, to superintend, inspect, the board's authority would no doubt be controlling; and if any member of the Farm Credit Administration or the Federal Reserve Board did not heed its supervisory power, the executive board would then report such member to the President of the United States for neglecting, hindering, or delaying the carrying out of this act. Before the President acts, cause must be shown; but the cause is shown when the Federal Reserve Board refuses to accept the executive board's judgment as to the fair value of the land and 75-percent value of the insurable buildings.

In other words, that farm board, that executive board, has more authority, as is provided in this bill, than the Federal Farm Credit Administration or the Federal Reserve Bank. Yes; more than the President of the United States.

Permit me to say this in conclusion: Our Government is inflating price levels through what is known as the credit route along orthodox lines. Credit inflation has never ruined a people, but, historically, at times it has become uncomfortable. Because of this experience this administration has set up certain banking controls by which it hopes to avoid many of the discomforts suffered in the past. This bill adopts a policy of monetary inflation. History records no single instance of monetary inflation that has not wrecked the people using it, and the worst of it is that the poorer classes and wage earners suffer most. The rich escape better than the poor because they know better the method of escape. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. LEMKE. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. MILLER]. [Applause.]

Mr. MILLER. Mr. Chairman, I am one of those Members who signed the petition. I voted to discharge the Rules Committee from consideration of the rule. I expect to vote for this bill. I will vote for it just as it is, if it is necessary, to get it. There are some provisions of the bill, of course, that we would all probably like to see amended, but the important question before us is this, and, in my opinion, one cannot sit here and listen to this debate and reach any other conclusion.

The question is this: Who is in control of the money of this Nation and what is money created for? Is the money created to serve mankind or is mankind created to serve money? That is all that it amounts to. What has been our policy during the last 50 years? Why is our economic con-

dition such as it is in this Nation today? Whom has money been serving?

WHO IS THE FORGOTTEN MAN?

We have heard a great deal about the forgotten man. We heard a lot about him a year or two ago; we shall probably hear more about him in the next 6 months. We have heard a lot about relief for farmers in years gone by, and we shall probably hear more about it in the next 6 months. After all is said and done, the American farmer is the last great individualist in our Nation, and unless he is given an opportunity to sustain his individualistic character, individualism will fade away. He cannot compete, he cannot survive, under the present economic conditions. The farmer is the only class of man, farming is the only class of business of a substantial nature, that has to pay as high a rate of interest as is being paid on agricultural indebtedness. In Arkansas today the average is 8.1 percent. Other States are paying almost as high a rate of interest. It is no argument to say there are a lot of men who do not owe anything; that there are a lot of farms not mortgaged. This is true, of course. It is just as foolish to argue that this bill is a discrimination against the man who does not owe. It is not going to discriminate against the man who does not owe. Nobody wants to be in debt. Not a farmer in the United States wants to be in debt. How can the man who is not in debt be discriminated against by his neighbor who is in debt receiving a loan?

There are some things that just simply do not coincide with common sense. You may sit here and listen to these arguments and talk about inflation and all that kind of stuff, but let me tell you there is no danger in inflation if the property values are there, not a bit in the world. Upon what is the money of this country based if it is not the property values in this Nation? If you destroy the American homes you destroy the value behind our money. Some of you gentlemen who are so anxious to fly to the defense of the Federal Reserve banks and the banking interests in this country answer me this question: What are you going to do when you destroy the morale of the farming class in this Nation? When you, by defeating this bill, destroy agriculture, where is the value of your property and what is there behind the money of the country, be it inflated or not inflated? [Applause.]

ARGUMENTS AGAINST BILL ANSWERED

I am well aware of the arguments that have been advanced for the last few years by those opposed to this bill. They claim that it is inflationary—that it is unsafe and unwise for the Government to engage in the task of refinancing the farm indebtedness of this Nation. The claim is made that during recent years agriculture has received preferential treatment by the Congress and that a general bill for the refinancing of the farm indebtedness is not necessary. Men whose sincerity I do not doubt argue that the Government is not financially able to refinance this indebtedness, and that it is not for the best interests of the farmers themselves for the Government to do this. These same gentlemen talk earnestly about the necessity of preserving the financial integrity of the Government. They advocate that political philosophy that teaches that the monetary policies of the Government should be dictated by the financiers and by Wall Street. This policy has been followed by this Government for the last 50 years, with the result that money has become the master of man. People are compelled to serve the moneyed interests because of the political philosophy of the gentlemen who are opposing the passage of this bill. They overlook the fundamental principles upon which this Government is based and for which it was inaugurated.

EQUAL RIGHTS FOR ALL

This Government was set up as an instrument to promote the general welfare of our people, and in order to do this it is necessary that equal rights and opportunities be afforded to every class of citizens, regardless of whether they may be engaged in agricultural pursuits or some other pursuit. Money is merely an instrumentality that serves the needs of

man, and unless we recognize this fundamental truth there cannot be any well-ordered and sustained prosperity in this Nation. [Applause.]

NECESSITY FOR BILL

It is not necessary to quote statistics and figures to show the absolute necessity for the enactment of this bill. We all personally know the actual conditions that exist in our own districts. We should face these conditions and not be led astray by any theories or by the arguments that are advanced against this bill.

This bill does not propose to create any new or additional interest-bearing tax-exempt securities. It does provide that the credit of the Government shall be used to refinance the farm indebtedness of this Nation in an amount equal to the fair value of such farms, if such an amount is necessary. The true wealth of this Nation is not in the stocks and bonds owned by the favored few, but all of our wealth rests upon the value of the property of the citizens. The bonds that are to be issued for the purpose of this act will be secured by the value of the property of this Nation. If the property is valueless, then our whole financial structure will crumble. We can only guarantee the value of the property of our citizens of this Nation by providing a means whereby those citizens can own the property and enjoy the fruits thereof. If the present conditions continue as they have in the last past several years, the morale of those engaged in agricultural pursuits will be undermined and destroyed. The farms will cease to be the homes of this Nation, and when that day comes we may expect the farmers of this Nation to demand that the Government discharge its plain obligations to them.

Farm tenancy is on the increase and will continue to grow unless this or a similar bill is enacted which makes it possible for the present landowner to continue to own and operate his farm.

Gentlemen claim that there has been a decline in agricultural indebtedness, but this decline since 1928 was not the result of normal liquidation, but it is the result of foreclosures and bankruptcies. It is not necessary for me to call to your attention the fact that present conditions cannot be tolerated much longer. The temporary measures heretofore enacted by the Seventy-third Congress and by this Congress are mere palliatives, and the invalidation of the Agricultural Adjustment Administration is only another indication and another reason why this bill must be enacted and should be enacted this session.

HOMES MORE SACRED THAN POLITICS

We Democrats are told that we are following a Republican in supporting this bill. Personally such an argument does not appeal to me. This is a question of giving actual relief to agriculture. It is, in my opinion, of greater concern than partisan politics. The responsible Democratic leadership of this Congress has failed to sponsor a bill to give relief to my people; the present bill does give relief to them and is a step in the right direction. I am more concerned about the welfare of the people of this Nation than I am about mere politics, and therefore I expect to continue my fight for the bill. It may be that this bill will be defeated in this session of the Congress, although I, for one, think we should stay here until this bill is passed. I have an opponent, just like many of you have, who is now busily engaged in a campaign against me, but the welfare of our people is more important than the political fortunes of any one man or any political party, and we should stay here until this bill is enacted.

A LIFE AND DEATH STRUGGLE

This is a death struggle for the economic freedom of agriculture, and those who vote against this bill should not be heard in the future to say that they want to grant relief to agriculture. The supreme test is at hand, and I call upon all of you who really and truly believe in providing equality for agriculture to vote for this bill. [Applause.]

It is argued that \$3,000,000,000 will be required to finance the operations under this bill. Suppose it is true that \$3,000,000,000 or more is required. We have, during this session of the Congress, appropriated more than a billion

dollars to maintain our Army and Navy. Heretofore we have spent billions of dollars on great reclamation projects. Millions have been spent on flood-control projects, on roads, and other internal improvements, but we have overlooked and have utterly failed to provide a means for those whom we expect to live in the reclaimed areas and on the farms of this Nation to pay their indebtedness and at the same time provide through their own industry a reasonable living for their families. Agriculture is feeding America today and those engaged in other pursuits do not have the legal nor the moral right to enjoy the fruits of agriculture without sharing with those engaged in agriculture some of the things that make life worth while.

OTHER LEGISLATION DOES NOT ANSWER PURPOSE

We have heretofore enacted a social-security law by which the Government undertakes to aid in the payment of an old-age pension; we have appropriated billions of dollars to provide employment for those without means of livelihood. As a rule, farmers have been excluded from sharing in these billions that were appropriated for work relief upon the assumption that the farmers had work to do on his farm. It is true that the farmer does have work to do upon his farm, but if he cannot retain that farm, and if the produce from the farm cannot be sold for a sum sufficient to support himself and family, then the discrimination becomes unbearable. We cannot expect the farmers of this Nation to continue the struggle to pay the exorbitant rates of interest that they are now compelled to pay upon the indebtedness and the high land taxes, and unless this bill is enacted it will be only a few years until agriculture is reduced to a state of peasantry.

Everyone within the sound of my voice knows the fight that I have made for a reasonable and adequate old-age pension upon such terms as will guarantee to those entitled thereto their economic freedom in their declining years. It is not necessary for me to review the record in this instance because the record speaks for itself of the fight that has been made to obtain this objective for our people. Neither is it necessary for me to call your attention to the fact that I have devoted days and weeks to the fight for the control of the flood waters on our streams, for the building of reservoirs in an effort to bring to those living in the valleys of the tributaries the same protection that is accorded to those living along the Mississippi River.

I have always made every effort to prevent the exploitation of the natural resources of our country by Wall Street controlled corporations. My fight for the development of hydroelectric energy in the White River Valley and other similar valleys of our Nation is sufficient to convince anyone that I believe that this Government must aid our people, and not the corporations, to conserve and develop the resources that we have if we are to continue to promote the best interests of our people as a whole. [Applause.]

All of these activities on the part of the Government and all of these great projects for the betterment of the living conditions of our people must and do necessarily depend upon the stability of the American homes. There can be no stability to our agricultural homes as long as the spectre of oppressive debt is hanging over those homes. I plead with you to join with us from the rural sections of our Nation in this fight to give to our people the opportunity to emancipate themselves from the crushing burden that is now theirs. By so doing we will in fact give those who want to work an opportunity to build and save their homes. We will be adding strength to the foundations of our greatest American institution, the home. [Applause.]

Mr. JONES. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, at the outset I want to pay a tribute to our colleague the gentleman from North Dakota [Mr. LEMKE] for the time, the energy, and the ability he has displayed and his consistency in trying to bring this farm-mortgage refinance bill before the House of Representatives. It was reported a year ago by the Committee on Agriculture and has been held up by the House majority and the Rules

Committee. This is one of the most important bills that has come before the House in this session. It should have been brought before the House in an orderly way by the Rules Committee. You might just as well write over the door of the Rules Committee: "Abandon hope all ye who enter here", when important legislation of this kind cannot be presented for the consideration of the Members on the floor of the House of Representatives.

My views and sentiments are very much divided on this bill. I do not expect to vote for it on account of the inflationary machinery that is set up; but there is a fundamental principle in this bill that is vital that I would like to vote for because it upholds our American system, almost our American system of government founded on the ownership of private property. We cannot afford in times of depression or any other time to rob the farmers and the home-owners and make them pay such high rates of interest as 6 percent and amortization of 3 percent where they make only \$800 a year with the help of all members of their families on the farms working 10 and 12 hours a day. If you want to promote communism and socialism in America, drive the farmers and the home owners out of their farms and their homes, destroy their savings; and then you will communize and socialize this country quicker than in any other way.

I would like to vote for this bill, but I cannot do it because I am firmly opposed to inflation. I propose to offer amendments which I assume will be voted down. I propose to offer an amendment for a 3-percent interest rate and then one for 2 3/4-percent interest rate, because we have already sold long-term bonds at 2 3/4 percent. I may even go to 2 1/2 percent, but I do not propose to vote for any bill which carries, as the pending bill does in its present form, inflation to the amount of \$3,000,000,000, a 50-percent increase in the currency of the United States.

What we need in America is an inflation of confidence, not an inflation of the currency. If you pass this bill, and if I were impelled only by political motives, I would like to wish this bill upon my neighbor's lap at Hyde Park with the 1 1/2-percent interest rate and inflationary features without amendments. If I were to follow merely partisan views and wanted to hurt the Democratic Party, I would vote for this bill. Any number of people have come to me and said, "Why not vote for the bill? Pass it on to the President. Let him take the responsibility before the people. If he signed this bill in its present form, he would not carry an Eastern State." But, after all, I believe that we have a duty to perform as Members of Congress, and that duty is to legislate, to legislate honestly on the merits of the propositions presented and to the best of our ability to perfect legislation. I am one of those who voted to discharge the Committee on Rules. I did that gladly and would have voted for the rule, because I believe the time has come when the Members of Congress should legislate for themselves instead of being rubber stamps and taking orders from the "brain trust", or even from the White House. That is why I voted to bring the bill out on the floor of the House for consideration and that is why I propose, under the 5-minute rule, to offer various amendments which I hope will be discussed upon their merit and voted either up or down.

Gentlemen get up here on the floor of the House and talk in a sneering way about the great creditor class and try to make out that just a few millionaires in Wall Street are the sole creditors in the country. May I point out who the creditors are? The creditors are the American people—the wage earners and 125,000,000 consumers. They are the real creditors of this country. Eighty-five percent of all the income of the country goes to 40,000,000 wage earners who will suffer if we pass this inflationary bill. If you increase the currency by \$3,000,000,000, all wage earners, consumers, people of small incomes, life-insurance policy-holders, and those millions of Americans with savings accounts, disabled veterans, widows, and orphans, all will suffer financially.

Someone said that the American Federation of Labor was not for or against this bill. I do not know whether they

are or not, but I know that William Green, president of the American Federation of Labor, has repeatedly spoken against inflation. American labor is fully awake to the urgency of the situation and has expressed its stand in no uncertain terms through its president and spokesman, Mr. Green, who defined labor's attitude when he recently said:

Labor knows that this is a problem that affects us vitally, because we know that when dollars are cheapened commodity prices rise but wages stand still. We have not forgotten how our workers in other nations in Europe suffered because it required on some occasions an amount of money that would fill a bushel basket in order to buy just an ordinary commodity.

That is still the position of the American Federation of Labor.

My main objection to the bill is if you pass this ruinous inflationary bill in its present form, recovery will be greatly retarded and business confidence destroyed. That is what is lacking in this country today. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. MORITZ].

Mr. MORITZ. Mr. Chairman, in this instance the people say to the Government, "Here are our farms—lend us \$3,000,000,000", and we will pay you 1½-percent interest on the loan. We stipulate 1½ percent because we know it is impossible to pay 6 percent. Mr. Chairman, this is a fair deal. Why is it necessary to pay any interest? All the interest at one time was considered usury. It is only by custom that we countenance it now. Is not the vital question at present to help out our own citizens? Or is the vital question a matter of profit?

If our citizens are prosperous, will not the state of the Union forge onward to greater success and glory? The question often arises, What about the city home owner? Is he expected to pay 6 percent when the farmers are asked to pay only 1½ percent? There is no question but that the city dweller should have some help.

The tragedies and sorrows written over my home-town papers, for instance the Pittsburgh papers, every month for the last 4 years bespeaks this relief. Page after page of foreclosure advertisings appear monthly. It means many good citizens who aspired to be home owners have ended up in bankruptcy.

In this Frazier-Lemke bill we are marching to our first great battle against the racket control of the international bankers. This skirmish is likened to the Battle of Lexington where the shot fired that day was heard "around the world." Be assured our votes today will mark every man a friend or foe of the people.

Big interests financed by big bankers have consistently thrown into the eyes of the people the poison gas and bug-a-boo of inflation.

They would have the people believe that this is the first step of wholesale inflation as was witnessed right after the war in Germany. The truth is that the bankers have practiced inflation for years for their own benefit. Think of taking a borrower's most precious asset, his home, and in return giving the borrower only bookkeeping money and not real money.

It is about time we break up this unlawful special privilege and give the farmers, the backbone of our country, a fair deal. During the period after the war, when money seemed to be floating through the air and there was a seeming prosperity in the cities, the poor farmer, after laboring long and tirelessly on the sunbaked farms, was forced to pay high prices for his needs from the city, and the produce of his farm oftentimes could not find a market.

We read in the old law of Moses that almost every 50 years there was a tangle up of the societies' economics. Moses solved this problem by declaring a jubilee in which the mortgagee was forced to break his hold on the land and restore the land back free of encumbrances. Unless the people have access to the land there can be no real recovery. This Frazier-Lemke bill, in a mild manner, attempts to re-

store the land to the people who are willing to produce wealth instead of merely sitting idly by waiting for the necessary but harmful relief check. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, I am only going to touch upon one aspect of this bill, because, manifestly, in 10 minutes it would be impossible to cover all the different points that this bill contains. I am going to speak today on the question of currency issue by the Federal Government as provided in this bill.

The gentleman from North Dakota [Mr. LEMKE], in his address today, used a great many of the arguments which we are accustomed to hear from those who wish an additional amount of currency to be issued by the Government. It is the speech that we have been accustomed to hear from the gentleman from Texas [Mr. PATMAN] on numerous occasions.

The chief points in the discussion which we hear so often are that the issuance of currency is a Federal function; that it is a function surrendered by the Congress to private bankers; that it is something of advantage to the bankers; and that other people in the country besides bankers should have the same advantage and be able to make the same use of it. I believe there is a well-known radio priest who talks along these lines every so often.

Mr. LEE of Oklahoma. Will the gentleman yield?

Mr. HOLLISTER. I am sorry I cannot yield now, but if I have time I will yield to the gentleman when I have finished.

Mr. Chairman, the sole purpose of currency is for the convenience of the people of the country in carrying on their everyday business activities. Currency will expand and contract as the needs of the country are made evident. At the time of the bank holiday the outstanding currency exceeded \$7,000,000,000, because more people wanted currency to carry in their pockets than before the bank holiday. In 1929, when the business of the country, as is well known, reached probably a greater volume than ever before, and there was a theoretical prosperity to which we sometimes like to look back, the outstanding currency in the country was about a half billion dollars less than it is today. This was chiefly because more people used checking accounts, and therefore less people needed to carry currency around in their pockets. If through custom or because of other reasons more people want currency, it is available in the banks and can be issued. If the habits of the people change so that less currency is needed from day to day, that currency goes back into the banks.

The quantitative theory of money, based on the idea that as times improve more money is actually circulating, is absolutely fallacious. It is equally fallacious to think we can improve the times by putting more money into circulation. The question is entirely separate from the question as to whether or not the issuance of currency is to be done by the Government or done by private banks. If the Government should take over the banking functions of the country, if it should take over the issue of currency instead of having it done through the Federal Reserve banks as it is being done today, under Government supervision, there would still exist the same situation. There would still be the necessity for the amount of currency to be issued which the people needed to carry on their daily transactions, and the Government itself, operating these banks, would merely issue the currency that the people wanted. When people had more currency than they needed it would automatically come back.

Mr. Chairman, the understanding that currency should be put out in some arbitrary way is wrong. Even when \$1 is put out, to that extent there is an arbitrary inflation of the currency. I do not mean to say by that that the effects are immediate. I do not mean to say that the issuance of \$1, \$1,000, \$1,000,000, or even \$1,000,000,000 can be traced immediately in its effect, but as soon as we depart from the

idea that currency is to be used as a convenience, as the medium of exchange for business done in this country, just to that extent we weaken the whole financial set-up.

Now, this bill provides, it is true, that Federal Reserve notes shall be put out, I suppose similar to other Federal Reserve notes. They are to be issued by the Federal Reserve Board as a branch of the Government. Let me answer here another argument which we hear from time to time, that if the Government has the right to issue a bond, which is a promise to pay, and on which it must pay interest, why should it not, instead of issuing a bond and paying interest on it, issue a piece of paper which we call a note, on which interest would not have to be paid? This argument, of course, followed to its logical conclusion means we could take some \$30,000,000,000 of Federal Reserve notes or whatever you may wish to call the promise of the Government to pay, with them redeem our bonds on which we pay interest and thereby, perhaps, save ourselves almost \$1,000,000,000 a year in interest. The answer, very briefly, Mr. Chairman, is this. The only way in which a government, just the same as an individual, can secure the wherewithal to pay its debts is by drawing on the wealth of the country, drawing on the accumulated resources that you and I and others may have gotten together in the past by our labors.

When the Government from day to day is spending more than it takes in, naturally, it must have to borrow this money from somebody. It does not borrow from any other country, it borrows from its own people, the same as you and I may borrow from somebody else. There is, and should be, the same relationship of debtor and creditor. If you borrow a horse from somebody for a year, you pay rent for the horse; and if you borrow a thousand dollars from somebody for a year, you pay for that thousand dollars. The Government, Mr. Chairman, is no different. If the Government hires your horse for a year, it pays you for it. If the Government hires your money for a year or more, it pays you for it, and that is a bond.

Now, the instant that the Government in paying for articles which it has to have or for services rendered, instead of borrowing from the accumulated wealth of the country, proceeds by fiat to issue a piece of paper which it compels you to take—and the compulsion may be concealed, but is nonetheless there—the instant this happens, at that instant the Government is making a forced loan, and forced loans are things which free peoples have fought against for many thousands of years. The instant you force anyone to take the promise of a government to pay, the instant it ceases to be a matter of free barter between borrower and lender whereby the Government offers you a bond on which the return is adequate to induce you to lend the accumulations of your savings to the Government—the instant you depart from that business transaction and force the person who has the money to take something which they would not freely and willingly take, that instant you have made a forced loan, and that instant the credit of the Government is impaired.

Now, I know it will be said that "Here is a Federal Reserve note. Would you not take a Federal Reserve note if the Government offered it to you?" Of course, because the only way today in which the Government gets Federal Reserve notes is by drawing them from some bank where the Government may have a credit set up in some legitimate way. The instant, however, that the Government manufactures by fiat of Congress a credit which did not arise from a legitimate transaction, the mere fact it issues against it Federal Reserve notes or issues against it any other kind of promise, that instant the Government is compelling the people of this country, even if they may not be the initial takers from the Government, to accept something which does not naturally belong in circulation, and that is the beginning of inflation.

I repeat, Mr. Chairman, that there is no group of economists we have in the country today, no group of economists the world has ever known who can tell you the exact time when you have exceeded what may be, apparently, a safe

situation in the issue of additional currency. You all know what Gresham's law is. If you have two kinds of money outstanding, the more valuable will go into hiding and the less valuable, going down in value, will stay in circulation.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. HOLLISTER. I just want to finish this thought.

I realize it will be said that one Federal Reserve note is as good as another and therefore Gresham's law would not operate. I will be asked why if the Government issues them the new ones are not just as good as the notes outstanding. You have, however, basically the same fundamental error, and that is that there is more money in circulation than is demanded by the people to carry on their ordinary activities, and when that condition is once created by Government fiat, then you have taken the first step. The evils may not be in evidence, but the evils are nonetheless there. The consequences are inexorable and can be predicted by no one. [Applause.]

I now yield to the gentleman from Oklahoma.

Mr. LEE of Oklahoma. The gentleman pointed out that the Government retires currency as it is not needed.

Mr. HOLLISTER. I did not say that the Government retired it at all. The Government does not retire it.

Mr. LEE of Oklahoma. I understood the gentleman to say that the Government retired it and only as it was needed kept it in circulation.

Mr. HOLLISTER. When not in circulation, it remains in the banks.

Mr. LEE of Oklahoma. Why cannot the Government do that as was provided in the Patman bill?

Mr. HOLLISTER. If that is sound, why cannot we buy up all the outstanding bonds with currency and retire them immediately?

Mr. LEE of Oklahoma. They are not due.

Mr. HOLLISTER. But we could call them all.

Let me analyze another statement frequently made by those who urge the issue of additional currency by the Government for one purpose or another. We hear that the bankers acquire bonds from the Government and in payment for them open up a credit on their books in favor of the Government. It is therefore argued that the banks have paid nothing for these bonds. We are then told that these same banks take these same bonds and deposit them as part security for Federal Reserve notes, the inference being that the bankers by this legerdemain have created something of value at the expense of others, and that this same something of value should be equally available to others as well as to bankers.

The first fallacy in this argument is as to the question of payment for the bonds. When the banks acquire bonds from the Government they acquire them either for resale to their own customers or for investment. If the banking system is to exist, it must be profitable. That means that the deposits of a bank's customers must be put to work earning money and this is done by lending or investing. The buying of bonds by banks from the Government is only a method by which the accumulated wealth of the country's citizens as expressed in their deposits in the banks is loaned to the Government at a time when the current revenue collections of the Government are insufficient for its needs. When the depositors need their money they draw it out, and the bank must call its loans or sell its investments.

The same thing is, of course, true of Government deposits in a bank, whether they represent a credit opened up on the books of the bank in payment for bonds, or a credit set up in some other way. In either case the Government may draw this deposit down the very next day and the bank must pay it out. As a matter of fact, the proceeds of recent sales of bonds by the Government have been to a great extent deposited, not in the banks that bought the bonds but in the Federal Reserve banks themselves.

The second fallacy in this familiar argument is the implication that the right to issue currency is of itself of actual

value, and that banks rush to deposit their bonds as security for the issue of Federal Reserve notes. As a matter of fact, the gold certificates, which were the property of the banks, and which, though not in circulation and inconvertible, are still held in the Federal Reserve banks as security for Federal Reserve notes, make up the great part of this security, and there is only a small portion of the Federal Reserve notes outstanding today which are secured by the deposits of bonds.

There is no advantage to a bank to have the right to have currency issued to it, for its sole use for this currency is to supply the convenience of its customers. It is just as profitable for a bank, which lends a man a thousand dollars, to open up a deposit for that man as it is to give him \$1,000 in currency.

We thus get back to our starting point—that currency is a convenience for the use of people in trade; that the amount outstanding should never exceed that which is needed by the people generally for their daily use; and that any arbitrary issuance of it in excess of these needs is to the extent of such issue a dilution of the currency, and therefore a real inflation, though, if limited to small amounts, only inflation to a small degree. The only trouble is that no financial expert and no economist has ever been able to predict how far such a process may be followed without disastrous results, concerning which other speakers will tell you.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL of Tennessee. Mr. Chairman, ladies and gentlemen of the Committee, I do not think there is a great deal in the proposed legislation that should seek to agitate gentlemen on either side of the House to the extent that some of our colleagues seem to be agitated as to the effect of this bill. I am glad to be a member of the Committee on Agriculture. I am glad to have worked alongside these distinguished gentlemen, some of whom favor the bill and others oppose it. Certainly it is due the House that legislation of this kind should have thoughtful consideration by the Members of the House representing our common country.

I am interested, as you are interested, in trying to help the American farmer retain his home; and I am interested, as you are interested, not to have undue inflation. I see nothing about this bill that is alarming.

I find in the bill that we now for the first time seek to do for agriculture what has already been done for other lines of business in this country. The railroads, municipalities, and corporations have refinanced their indebtedness. One-third of America are home-owning people. They are farmers, and they are the foundation stone upon which must rest the future security and prosperity of 125,000,000 people in America.

What do we propose to do in this bill? Simply use the credit of the people of the Nation. Let us not misunderstand one another. You talk about extending credit of \$3,000,000,000 to do what? To help \$100,000,000,000 worth of real estate in America.

What is the borrowing credit of these farms in America? I doubt if any statistician can tell what it is. A few years ago I noticed in a census report that there were \$77,000,000,000 of value in the farm homes in America. A few years thereafter it seems to have been reduced in value to \$33,000,000,000. That was back in 1935.

Let us be courageous. This great administration has done much in the depression to help the farmers in giving them liberal credit through the Federal land banks. We have helped all industry in an effort to make credit available to those institutions in America.

What is wrong with this bill? Not a thing. The maximum of inflation that is referred to could only be \$3,000,000,000. What you are undertaking to do now is to lend a helping hand to the folks who have needed it so long and been so long neglected in America.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Tennessee. I yield.

Mr. BARRY. The gentleman said the maximum amount it is possible to use under this bill is \$3,000,000,000. I refer the gentleman to section 17:

This bill shall also extend to any tenant, or member of his or her family, who desires to purchase an unencumbered farm, provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act.

There are millions of tenant farmers in this country who can qualify.

Mr. MITCHELL of Tennessee. I understand what the gentleman is referring to. You will not have any trouble to understand that. There never was a perfect piece of legislation brought on any floor of any Congress. If this bill needs amending there are 435 sovereign, thinking lawmakers here. I would not say it is perfect. Propose your amendment, if you have it in mind. I am talking about the principle behind the measure. All you are doing is to loan money to agriculture, to the farmers of this country at 1½ percent interest.

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

Mr. MITCHELL of Tennessee. I yield.

Mr. MARTIN of Colorado. Is there not a limit set at the top of page 5 of the bill in the language, "The outstanding Federal Reserve notes issued under this act shall at no time exceed \$3,000,000,000"?

Mr. MITCHELL of Tennessee. That is specifically stated in the bill. It is "much ado about nothing." I think I am pretty close to the leadership on this side of the House. I have not had anybody pulling at my coattails about this bill. I think we are free and sovereign, and trying to meet and work out a constructive program to help the American people.

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

Mr. MITCHELL of Tennessee. I yield.

Mr. McFARLANE. Has the gentleman heard anybody, as spokesman direct from the White House, say that the President is against this bill?

Mr. MITCHELL of Tennessee. I believe it is the best Democratic measure that could be passed, because the Democratic Party is the friend of the common people in this country. [Applause.]

Mr. BARRY. Will the gentleman yield further?

Mr. MITCHELL of Tennessee. I would yield, but I would rather see the gentleman wait until we reach the amendment stage of this bill. Some men can ask questions that a wise man cannot even answer. [Laughter.] The Bible tells about that kind. [Laughter.]

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Tennessee. I will yield to the gentleman from Kentucky, who has the unhappy faculty so often of getting on the wrong side of every proposition. [Laughter and applause.] If I could get my friend right on this bill, I would love to put my arms around him and hug him, because he is as baldheaded as I am. [Laughter.] I yield to the gentleman from Kentucky.

Mr. MAY. The trouble with the gentleman is that he has not hugged the right person. [Laughter.]

Mr. MITCHELL of Tennessee. The gentleman might not have been on the scene. [Laughter.]

Mr. MAY. I want to ask the gentleman from Tennessee, considering the testimony of the Secretary of the Treasury, a few days ago, that we will have a deficit of \$6,000,000,000. Where are we going to get the money, in the language of the gentleman from Pennsylvania [Mr. RICH], to loan to the farmers?

Mr. MITCHELL of Tennessee. I appreciate, of course, when I made reference to my good friend from Kentucky, that he is a hard-working and fine Member of Congress, but you talk about the psychology of money. There is not any of us who understands it. [Laughter and applause.] I never saw a man who did, and the man who thinks he does understand money is fooled worse than anybody else. [Laughter.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. MITCHELL of Tennessee. Mr. Chairman, I ask unanimous consent to be permitted to extend my remarks, and I should like to include a part of this report filed by the Committee on Agriculture, pages 1 and 2.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MITCHELL of Tennessee. Mr. Chairman, during the past 6 years the American farmer has been hard pressed for money. The bill under consideration proposes to do for the farmer exactly what every corporation, every railroad, and many municipalities in the country have already done, and that is to simply refinance the present outstanding indebtedness and to enjoy a cheaper interest rate. The indebtedness would be spread out over a long period of years and the carrying charges on the farmer's indebtedness would be commensurate with the present value of farm land and the average income which the farmer receives from the same.

The Government places itself in the role of a benefactor by loaning its credit behind the refunding operation and, in turn, receives full protection by holding a lien against the land itself. This is the best security we have in America and is the oldest and soundest basis for credit in the world.

There is nothing inflationary about the plan to save the American farmer from the bankruptcy court. It is sound common sense. It is justice to the farmers and the producers of what we eat and wear. The farmers provide for those engaged in manufacturing or commerce by purchasing the output from mills and factories.

It was not called inflation when we voted \$4,800,000,000 for relief 2 years ago, and neither was it called inflation when we voted a billion five hundred million dollars a few days ago for the same purpose, but now it is called inflation if we are called upon, as this bill provides, to loan money to the farmers over a period of years with a reduced interest rate, when the maximum amount of money that can be provided for in the bill to relieve the farmers is \$3,000,000,000. It is not consistent in those who oppose the bill to claim that it is inflationary. If so, it is needed and helpful inflation.

The fear I have is that the bankers and big interests will so influence the Congress as that the bill may not ultimately become the law. It is not inflation that I fear so much as deflation. The farmers in my district in Tennessee suffered greatly because of reduced farm prices, not only on their land but livestock and produce as well, from 1929 until the beginning of the New Deal legislation in 1933, which has resulted in a stimulation in prices. I hope that this may continue. One-third of the people of this Nation are engaged in work on the farm, and they produce that which feeds the remaining two-thirds of the population. Nothing would add so much to America just now as to have the farmers once again prosperous. When they are financially able, they spend money and make investments that keep the wheels of industry moving. When they cease to buy or cease to have an income, then bankruptcy overtakes industry.

This bill is not intended to increase farm indebtedness. No one should be encouraged to go into debt. The legislation proposed is to refinance outstanding farm mortgages at low rates of interest and so extend the indebtedness that the farmer can keep his home for himself, his wife, and children, and not suffer them and him to be cast out by the collector. No farm debts are increased because of the bill, but it will come to the relief of worthy farm people who are engaged in the all-important industry of agriculture. There are too many opportunities for the farmer to get in debt now, and what we seek to do by this bill is to get him out of debt.

The bankers and money sharks have had him and his earning capacity under mortgage for all too many years in the past. The farmer has been forced to work for the bankers and money interests longer than Jacob served for Rachel. He has been in bondage long enough; and while this bill may not lead him into the "promised land", it will lighten his burdens and reduce his interest rate and enable him to pay his debts and to keep his home and farm. This duty we owe

the producers of the wealth of this country. Then, and not until then, will they acquire buying power and be enabled to go on the market and take part in business activity and in the restoration of prosperity to all classes of people. There has been but slight decline in farm indebtedness since 1928. The drop in farm-commodity prices brought about the destruction of many farmers. With a reduction in prices of farm products likewise came a reduction in farm values. Federal land banks have helped some, but they have not been adequate to care for the situation. Many legislatures have passed laws declaring a moratorium on debts to prevent the farmers from being sold out under the hammer and more of our people thus seeking shelter in charitable institutions. The passage of this measure will help to rid the country of bread lines. It will give a new faith and a new hope to agriculture, and the farmer can work with the assurance that his home can be kept from foreclosure and that his family may be made secure in the years to come. Surely there is nothing inflationary about making a happy and contented rural population in this country. Alone is their security for the United States when we have a contented farming people. No other people on earth work such long hours as do the farmers. They have no vacation, winter or summer, but theirs is a 7-day-a-week work proposition in many instances and with 14 hours per day as the average day's toil, without any fixed or guaranteed income. They are subject to droughts, storms, and pestilences. They are subject, in the sale of their commodities, to the speculator and the gambler. If they are to continue to pay tribute to the bankers and money changers, then their days are numbered. The farmers have been overwhelmed by conditions for which they were not responsible, and they have exhausted their resources. They are loath to permit their homes to be taken away from them and to see their loved ones sacrificed because of insolvency and foreclosures. The farmers believe in living up to their contract, and they believe in keeping their promises and their obligations. They are loyal to their country. They keep and preserve its laws. Along with this, surely the Government can lend him a helping hand and help rescue his wife and children from bankruptcy.

If he is thrown out of his home and put on the cold charity of the world, he becomes despondent and broods over his losses and loses confidence in his country and its flag. He becomes resentful and is no longer in love with the institutions that he formerly cherished and fought for. Despair and desolation will drive any of us to desperation. Those who eat the bread of the American farmer owe it to him to be willing to share his burden so as to bring about better conditions for him and make his home life more pleasant and reestablish him and his family in society on a basis of decent, bountiful, intelligent, and religious citizenship.

The things the farmer must buy have risen in value to a greater extent than have the prices increased on his farm products. No one can dispute this. Likewise his taxes have increased and during all this time the farmers, while going through bankruptcy and foreclosure, have been called upon to pay their taxes in increased amounts to help feed the unemployed and to furnish relief to 10,000,000 of our folks who are not farmers but are dependent upon Government bounty and Government doles.

This bill provides that farm indebtedness may be refinanced through the use of existing governmental machinery at an interest rate of 1½ percent and the further payment of 1½ percent annually to amortize or pay the loan incurred. It will require 47 years to pay such indebtedness, and during this time the debtor would make a yearly payment of \$30 on the principal for each \$1,000 borrowed. Provision is made to issue bonds which will be secured by first mortgages on the farm lands of the country. The bill has been approved by the national farm organizations in practically every State of the Union. It has been endorsed by the leaders of the Veterans of Foreign Wars and by the American Federation of Labor and by the National Union for Social Justice. It has also been endorsed by 29 State legislatures that have petitioned Congress to pass the bill, including my own State of Tennessee. Our people want this legislation passed dur-

ing the present session of Congress. The realization of their hopes should not longer be delayed. The best interest of America will be served when the bill is passed and the tenure of the Democratic Party in power at Washington will be assured so long as beneficial legislation of this type is written into law.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Michigan [Mr. DINGELL] 15 minutes.

Mr. DINGELL. Mr. Chairman, as a Representative of the Fifteenth District of Michigan, which is composed of an element entirely urban, I desire while discussing H. R. 2066, known as the Frazier-Lemke bill, to make clear that I am not assuming a narrow or provincial attitude.

I am mindful that the benefits of this bill are intended solely for the farmer. I have proved my friendship toward the farmer by voting for every measure intended to grant him relief, and shall continue to do so in the future.

Moreover, Mr. Chairman, I have been on the firing line with my old friend, Tom Howard, of the Farmers' Union, doing everything possible for the benefit of the farmer, a long time before I came to Congress.

Let me first analyze the objectives and intended benefits of this bill. Its primary objective is the inflation of the currency system in an amount of at least \$3,000,000,000. As I look upon and interpret section 9, it is quite apparent that considerable latitude is allowed above the figure of \$3,000,000,000 contained in section 7.

I am not at all opposed to the bill because I fear controlled inflation. On the contrary, I believe in an elastic currency system which will meet the needs of the people. The wealth of this Nation as represented by its farm lands is sufficient to justify the amount, if it is found necessary. Over and above that, the Treasury of the United States has in its vaults at the present time an unprecedented amount of gold which might be used to secure any issue of additional currency. Thus even the gold adherents need not fear this phase of the bill.

The question, however, of necessity must be definitely proved before I can subscribe to inflation. In this instance inflation is absolutely necessary to the successful carrying out of the terms of the bill. Without it the bill is a rank failure, and its proponents know as much.

It is significant that the American Federation of Labor voices its opposition to the Frazier-Lemke bill. The liberal president of this great organization, Mr. William Green, contends that the inflationary provision of the bill would increase the cost of living and decrease the purchasing power of the wage earner.

The bill provides a smoke screen for the issuance of bonds which can be sold, but the bill further provides under section 7 that in case all of said farm-loan bonds are not readily purchased, then the Land Bank Commissioner shall present the remainder to the Federal Reserve Board and the Board shall forthwith cause to be issued and delivered to the Land Bank Commissioner Federal Reserve notes in an amount equal to the par value of such bonds as are presented to it.

The reason this provision is inserted is because the proponents of this bill know that the extremely liberal appraisal of land values, of such farms as are under mortgage and subject to the terms of the bill, will, in itself, impair the marketability of such bonds. Add to this the fact that bonds will be issued for a period of 47 years, the long pull being a further risk because the life of the bonds exceeds the normal life expectancy of the borrower. At the present time the life expectancy, according to the 1930 census of Commerce Department, is 59 years. So it is evident that when a farmer, not less than 21 years of age, applies for refinancing of his farm under the terms of this bill, he would be 68 years old at the time he completes his payments. This exceeds the normal span of life by 9 years. Taking as an example an older farmer applying for such a loan, the excess of years beyond his normal expectancy of life is correspondingly increased.

The drawback to the sale of the bonds is not confined to the long pull or the character risk. The lack of attraction

will be further accentuated by the low return and lack of guaranty of the Government of the principal and interest. The request in the form of legislation for guaranty of principal and interest will come later.

The bonds, if secured by mortgages on farms, are to pay interest at the rate of 1½ percent per annum, and a similar amount to reduce the principal payment, making a total of 3 percent, payable annually.

I shall not deal here with the chattel mortgages on livestock. The weakness in that connection is about on a par with the basic provision of the act.

Many very sincere people have become interested in this bill because the proponents of the measure have very skillfully sold the idea that it is intended to relieve the distress among the farmers. That is only part of the bill, and certainly no one would object to that. The bill, however, provides for the refinancing of all farm mortgages. It does not take into account the ability or the inability of a rich farmer to pay his contractual obligation to the holder of his mortgage. The bill makes no distinction between a large incorporated farm and a small, individual-owned farm. In fact, all that is necessary for a farmer to refinance, and to benefit by the scaling down of the amount that he owes, is to apply to the agency of the Government established for the purpose of making these loans.

Members of this House, whether from rural communities or from the cities, cannot justify their action if they vote for this bill as it stands because it is unjust and one-sided. A farmer who is able to meet his principal and interest payments and who is otherwise prosperous is not in need of any relief. Members residing in the cities cannot justify their vote for this bill because there are thousands of mortgages held by poor, hard-working citizens who have suffered as much or more than did the farmer. I have never seen nor heard of bread lines on the farms, nor a farmer starving to death, but I have seen bread lines and starvation among the workingmen in the cities.

Why is it that these great humanitarian proponents of this measure did not include the city dweller in their plan of relief from high interest rates?

I insist that there be no favoritism shown. The man in the city should and must be included before I could vote for this bill.

Why is it that the proponents of this bill did not see fit to provide for a means test? This House under President Roosevelt has been extremely liberal and a means test could be provided which would square with the liberal view of the Members. According to this bill, however, the only means test is that a prospective applicant for these low refinancing rates must be a farmer and no other qualifications are necessary. He need not be in distress. In fact, he may be prosperous. He may be able to meet his interest and principal payments. That would make no difference. He would be entitled to refinance his mortgage regardless of his financial condition or character.

As I view this bill, such indiscriminate refinancing, using the \$3,000,000,000 as a revolving fund to refinance approximately \$9,000,000,000 of farm mortgages—only a part of which could be classed as distress cases—would work a tremendous hardship upon thousands of individual mortgage holders residing in the cities.

For example, let us assume that a laborer named Smith, living in my district, working in a brass foundry or an automobile plant, over a period of years saved \$5,000 with which to educate his son. Laborer Smith goes to his banker where his savings are on deposit and drawing interest at the rate of 2½ percent. He tells his banker that he would like to invest this \$5,000 life's savings in some reasonably safe security. His banker takes out the portfolio containing mortgages and discovers a farm mortgage held by the bank in the amount of \$5,000 at 6 percent. For a nominal commission the banker sells Laborer Smith the mortgage. It is to produce \$300 in interest per year, which might pay the tuition of his son.

Upon the passage of this bill this farm mortgage becomes subject to refinancing. Although the farmer may be

prosperous and quite able to meet his principal and interest payments, he goes to his new mortgage holder, Laborer Smith, and says to him: "I demand that you scale down the \$5,000 which I borrowed originally to \$4,000, and that you agree to accept 1½ percent per annum in interest and extend my payments from 3 years to 47 years, or I shall have to go to the Government and obtain the money with which to pay you off."

The proponents of this bill argue that there is no injustice, in that Laborer Smith will get his money if he does not accept the proposal, and that he can immediately reinvest it. That contention is either deliberate misrepresentation of fact or gross ignorance. With billions of farm mortgages ultimately placed in the hands of the Government, the investment market cannot possibly absorb any investments of this nature at a rate higher than that which prevails, which would be 1½ percent. In other words, there will be a common level established except in extremely speculative investments. The interest rates will be at or about 1½ percent; and on this score let me say I have no objection to reduced interest rates, but it must not be at the expense of the unfortunate individual mortgageholder who resides in the city.

Moreover, I must insist that any plan proposed to relieve the farmer must at the same time include the urban population in my district. I cannot allow that Laborer Smith should lose \$1,000 in cash by scaling down and reducing the earning power of \$5,000 from \$300 in interest per annum to \$60. It is unfair to cause him a deliberate loss of \$240 per annum. This means the difference between an education and no education for the son of Laborer Smith.

Now let us analyze the situation as it applies to banks, insurance, and trust companies. We remember the tragic days of the national bank holiday, when thousands of our banks were closed; when millions of depositors faced the total loss of their life's earnings, which at a great sacrifice they put aside for a rainy day. I hold no brief for the banker. I was extremely critical of the banker, because I contend that he was, by his negligence and short-sightedness, to a great extent responsible for the impairment of the bank structure of this Nation. The heroic efforts of this administration, however, have placed the banks on a sound and sure footing once again.

In the 3½ years of the Roosevelt administration the total number of bank failures approximate the number of bank failures in 1 day under Mr. Hoover's administration, and of these not one dollar of loss was sustained by the depositor. We do not want to create a condition which will wreck the banks and destroy the deposits of our people. We most certainly would not permit the impairment, much less the destruction, of the insurance companies. While the insurance companies are great corporations, they are as a general rule mutually owned and belong to the policyholders.

I am told by the proponents that the insurance companies have no objection to the Frazier-Lemke bill. Some people even believe the insurance companies expect to be bailed out with this printing-press money. That is not so. Insurance companies are positively opposed to it, and it is not due to selfishness on their part or narrowness of viewpoint, but because insurance companies know it will destroy the equities of policyholders and the earning power of their investments.

There are approximately 63,000,000 persons in the United States holding one or more insurance policies, which makes a total of approximately 128,000,000 life-insurance policies in force. Taking into account the beneficiaries of these policyholders, it is estimated that the number of individuals protected by life insurance in the United States is about 94,000,000.

During 1935, Americans purchased approximately fourteen billion five hundred million of new life-insurance protection from United States legal-reserve companies. This is 1.5 percent more than in 1934. There is a notable extension of life-insurance companies' stewardship. At the end of 1935 the total amount of insurance in force reached the staggering amount of \$101,000,000,000. These figures were gathered from a statement made before the Association of Life Insur-

ance Presidents at New York in 1935. There are approximately 32,779,000 people living on farms, and approximately 6,812,350 farm operators, according to the census of the Agricultural Department on January 1, 1936.

So that for every farmer who might benefit under the terms of this bill, regardless of whether he needs assistance or not, three policyholders will be either wiped out or their equities dangerously reduced. Many insurance companies will certainly go to the wall and the policyholders will sustain the loss.

Thus the plan of a provident father and husband to secure the future of his loved ones will be destroyed. Widows and orphans, many of the latter not yet born, will suffer because of the iniquitous provisions of this bill. For the same reason trust companies as legal trustees for estates, large and small, will sustain severe losses or be likewise wiped out.

This week of May 11 to the 16th is life-insurance week. An Associated Press dispatch from New York dated May 9 places the admitted assets of all life-insurance companies of the country as of December 31, 1935, at \$23,828,173,000, the highest on record. This is a gain in the asset level of around \$2,000,000,000 over the years 1932 and 1933.

The assets of the same life-insurance companies in 1929 amounted to \$17,482,308,607.

It is interesting to note that during the six depression years these companies paid out to policyholders and beneficiaries approximately \$18,200,000,000, or the equivalent of \$10,000,000 each business day for that period.

In the face of such forceful facts, are we going to undermine these companies which have had a stabilizing effect upon business and employment? Are we not aware of the fact that these companies are for the most part mutual and as such owned by the policyholders who live in the cities and on farms?

Because of the interest of the National Union for Social Justice in this bill, I have given a great deal of time and study before making my decision to oppose it. My course is clearly defined. I will vote as my conscience dictates.

I cannot reconcile myself to support a bill of this kind because it is unfair to my people, because it will destroy more than it will produce, because it favors the farm element and discriminates against the man in the city, because it makes no distinction between the farmer in distress and the prosperous farmer.

When we passed the Home Owners' Loan Act for the relief of the home owners, a definite means test was provided. It was specifically stated that relief was intended for only those in distress, and it cannot rightfully or truthfully be stated that the farm element as a whole is in distress.

If \$9,000,000,000 of farm mortgages are to be refinanced at 1½-percent interest, I contend that twenty-one billions in home mortgages throughout the United States must also be refinanced at the same time and at the same rate of interest.

Is there a man on this floor, a Representative of either a city or farm district, who can justify the asinine provisions of section 17, which states as follows?—

The benefits of this act shall also extend to any farmer, or member of his family, who lost his or her farm through indebtedness or mortgage foreclosure since 1921, and who desires to purchase part or all of the farm lost or another like farm. It shall also extend to any tenant or member of his or her family who desires to purchase an encumbered farm, provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act.

Under the terms of this section a farmer who lost his farm through indebtedness or mortgage foreclosure at any time since 1921 can repurchase either the whole of that farm or perhaps the choicest part thereof, or, if he lost this farm willfully because he did not want it, he can obtain one of like value in that or another locality. Uncle Sam will finance Mr. Farmer with no questions asked.

This section further provides that the loaning facilities of this Government agency shall be available to any tenant farmer so that he can acquire by purchase an encumbered farm. The only qualification in addition to an expressed

desire is that he shall have operated a farm as a tenant for at least 2 years prior to the enactment of this act. The question of his character, credit rating, or any other reasonable qualification is not even mentioned or provided for. Bonds founded upon such a basis cannot attract capital. These loans cannot be financed by bonds sold in the open market. There is no assurance in the deal. Your Uncle Sammy would have to guarantee the bonds or make them eligible as backing for printing-press money. In either case the taxpayer will be the goat.

Why not permit the people of my district who have lost their homes since 1921 the privilege of repurchasing their homes, or any part thereof, or another like home, as provided in this section for the benefit of the farmer?

I have been an advocate of low interest rates for the home owner and for the farm owner, particularly during these times, when through no fault of their own, urban and rural citizens find themselves in distress. It is my contention that the only agency able to grant relief is the Government, and I am willing to support any reasonable measure which will relieve all those in distress.

The liberality of this House has been shown repeatedly. The farmers have been the special beneficiaries. Under the Federal Farm Loan Act and the Farm Credit Act of 1935, we passed legislation providing for loans on farm mortgages at the rate of 3½ percent. The law about to expire was again extended for a period of 2 years under the terms of the bill H. R. 10101, introduced by Mr. GILLETTE, of Iowa. Contrast this rate of 3½ percent with 5 and 6 percent being paid by the people in the cities. We must first provide relief for the workingman in the city by reducing the interest rate which he is called upon to pay.

I cannot and I will not, under any circumstances, support a bill which without any means test whatsoever will aid a prosperous farmer at the expense of the people in the cities. I will not destroy the equities held in trust by insurance companies and trust companies upon which the widows and children of provident husbands and fathers, who worked hard to establish them, are dependent. I will take no part in any move, legal or otherwise, which will undermine and destroy the bank structure of this country, thus wiping out the savings of millions of our citizens.

Mr. Chairman, it is my contention that it is not necessary to refinance the mortgages of any individual, be he a farmer or a resident of a city, who is capable of meeting his just obligations.

The provisions of this bill will revolutionize the entire scheme of life in this country, and I am certain that if the people are brought about to understand the pernicious provisions of this measure they will express themselves in opposition in such a way as to be thoroughly understood by those who have been erroneously led to support it.

During the period of agitation conducted by a small group of Members, who are not responsible to this administration nor to any responsible party, I was approached by Edward E. Kennedy, secretary of the Farmers' Union, by Messrs. Collins and Ward, representing the National Union for Social Justice, and likewise by Mr. LEMKE, the father of the bill. We conferred in my office, we lunched together and discussed the provisions of this bill. There has been no concrete argument produced which could convince me of the righteousness of this measure.

I was opposed to signing the petition to discharge the committee for various reasons. The first reason, but not the determining one, was because the bill had been favorably reported by the Agriculture Committee, and this is the first time in the history of Congress that the "blasting process" had been applied after a committee having jurisdiction reported such bill favorably. The chairman of such committee could have requested a rule and thus made the consideration of said bill in order. I was opposed to signing the petition on the grounds that the bill was a fake, that it was unfair, that it was destructive, that it would do infinitely more harm than good, and in addition the bill plays one element, the farmer, as a favorite against and at the expense of another element, the city dweller.

I agreed in the final analysis to sign the petition in order to give the bill a hearing, to show it up in all its comic raiment; but I specifically reserved the right to vote against it and to do everything legitimately possible to bring about its defeat. These Representatives whom I mention understood and readily admit the correctness of this statement.

Accordingly I have notified a number of my constituents who have written me in the premises, and who asked me to vote for the bill, that I could not agree to do so. I informed my correspondents, who are voters in my district, precisely how I feel about the measure, as I would not under any circumstances mislead them. Thus no registered voter in my district need labor under a misapprehension as to where I stand nor be misled in order that I may get his vote.

If this bill is amended to include the distressed home owners residing in the cities and in the country towns, and if the means test of actual distress is provided for in the bill, and the bond method of financing similar to the plan provided for in the Home Owners' Loan Act stipulated in this measure, I shall be most happy to support it. I will not, however, lend my support to this bill and thus destroy the banks, the insurance companies, the trust companies, and the savings and investments of millions upon millions of hard-working urban citizens, and much less would I permit the wiping out of the equities of the widows and orphans.

Anyone who advocates relief of a farmer according to the terms of this bill must think that my district is composed of a lot of uninformed rubes. The bill as now written is a sham and hoax. It must be defeated. [Applause.]

Mr. BOILEAU. Mr. Chairman, in behalf of the gentleman from North Dakota, I yield 10 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, I first wish to answer the gentleman from North Carolina [Mr. COOLEY], who, in his opening remarks, referred to this measure as a Republican bill, simply because the gentleman from North Dakota, Mr. LEMKE, who introduced it, happens to be a Progressive Republican. In answer to the gentleman from North Carolina, I desire to say that we who are supporting this measure are just as good Democrats as he is, and, coming from the State of Mississippi, I think I would probably have the last word, as my State has always gone Democratic and his went Republican in 1928. [Laughter.]

Besides that, Mr. Chairman, the author of this measure supported Franklin D. Roosevelt in 1932, stumped his home State of North Dakota for Roosevelt, and helped to carry it for him by an overwhelming majority; and no one has shown that the President is opposed to this bill.

Personally, I have no apologies to make to any man for supporting legislation that is sponsored by a Progressive Republican, when I know that it is right and in the interest of the distressed farmers of this country.

In the greatest fight in which I have engaged since I have been a Member of this House, and the one that probably meant more to the toiling millions of this world than any other battle I have gone through, was the struggle for the creation of the Tennessee Valley Authority, which is by far the outstanding accomplishment of the Roosevelt administration. In that contest I was carrying on at this end of the Capitol the same fight that was being waged in the Senate by Senator GEORGE W. NORRIS, of Nebraska, a Progressive Republican, and one of the best friends the common people of America ever had in either public or private life. [Applause.]

He was the author of the bill to create the T. V. A. He introduced it in the Senate and I introduced it in the House. That is why it is referred to as the Norris-Rankin bill. Without him and his untiring efforts at the other end of the Capitol we never could have passed such a measure. I went through that battle with him, and, as you Members know, if it had not been for my efforts here in the House section 12 of that measure would have been left out and the people in the T. V. A. area never could have enjoyed the full benefits of cheap electricity from Muscle Shoals, nor would any other dams have been built. It would have meant the

death knell of rural electrification so far as this generation is concerned.

I was glad to work with a Progressive Republican for the benefit of my people then, and I am glad to do it now. The farmers in my district are practically all Democrats, but they expect me to support legislation that will benefit them and help to save their homes, whether it is introduced by a Progressive Republican or a Progressive Democrat, for nothing that will do the farmers any good will ever come from the Old Guard reactionaries in either party.

The gentleman from Maryland [Mr. LEWIS] referred to this bill as wild, radical, and fantastic, and following in the wake of Germany. Why, the gentleman from Maryland [Mr. LEWIS] has been one of the chief sponsors of what is known as the Guffey coal bill, one of the most fantastic, wild, and unconstitutional measures that has ever passed the American Congress—one that would pile upon the backs of the consumers of coal in this country millions and millions of dollars in extra costs of coal to keep them warm. Instead of following Germany, that was probably following in the wake of Russia. [Applause.]

If the gentleman from Maryland could support that wild and unconstitutional measure to help the coal industry, he certainly ought to be able to support this sane, reasonable, and constitutional measure to help the farmers.

I am supporting this legislation for the simple reason that the farmers I represent, as well as the farmers of the whole country, are in dire distress. Their homes are being sold from under them and they are driven from the land. People who own some of the richest farm land in America are being driven from their homes today by foreclosures—driven from homes their people have occupied for 100 years—driven from their homes in crop time, when their wheat, corn, cotton, and other crops are in the field. Not only are they notified that they must leave, but they cannot even repurchase the land or rent it for another year—although it is often resold on credit to others for less than the real owner owes on it, and is willing to pay if given time and opportunity to do so.

They preach to us about the prosperous condition of the farmer, and the high prices of wheat, and corn, and cotton. Listen to this, you Democrats from agricultural districts: Wheat, and corn, and cotton prices are lower today than they were during the Taft administration, when the people rebelled in 1912 and drove that administration from power.

Yet the farmer's taxes have multiplied three, four, or five times since 1912, and everything he has to buy has increased in price in proportion since those days. Yet when he asks for this legislation, men who have voted to appropriate billions for relief, a large portion of which goes to people who are not even American citizens, denounce this legislation and try to stir up partisan prejudice against it. These farmers are Americans, let me remind you. [Applause.]

They are the ones who fight the Nation's battles in times of war and sustain its institutions in times of peace. You deny them this relief and yet vote money to take care of 1,500,000 aliens who are not American citizens, and have never tried to become American citizens, and the children of these farmers are going to have to help pay the bill.

Notwithstanding this, some of you arise and point out little discrepancies in the bill. You can amend this measure if you want to, and I will help you amend it, for I am not altogether satisfied with it in its present form. But 6,000,000 farmers in this country are appealing to us for help, and this is the only bill we have before us at this time that reaches their trouble. It is open to amendments to correct anything that is wrong with it. So do not vote to kill it and then try to make your farmers believe you did so because of some feature which you can correct by amendment if you really are sincere in your desire to do something for the farmers.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes; I yield.

Mr. BARRY. Is the gentleman conscious that there are other distressed groups?

Mr. RANKIN. Yes, and let me say to the gentleman from New York [Mr. BARRY] that we have poured more money into their hands than we ever gave the farmers of this country. The gentleman from New York, and others who train with him, are perfectly willing to take money out of the Treasury and give it to aliens in their own districts, but are unwilling to vote this aid to farmers for fear it will raise the prices of the things the farmers have to sell, although it will not cost the taxpayers of the country a nickel. They do not want to pay them what their produce is worth.

Now, Mr. Chairman, let me tell the gentleman from New York another thing. We have heard a great deal about the wolves of Wall Street, but it does not matter to the farmer whether he is skinned by the wolves of Wall Street or torn to shreds by the tigers of Tammany. Nor does it matter to him whether this legislation is defeated by petrified Democrats or putrified Republicans, he and his children will pay the penalty. [Applause.]

I would very much prefer to be caught voting for this measure in company with a few Progressive Republicans, than to be caught voting against it with the old reactionary Republicans, every single one of whom will vote "no!"—and lick their lips. [Laughter.]

Oh, but they say this will mean "uncontrolled inflation", which is nonsense, pure and simple. It will simply mean the possibility of a reasonable, controlled expansion of the currency, which cannot exceed \$3,000,000,000, without the imposition of a single dollar for extra taxes. But it would raise the prices of wheat and corn and cotton and hogs, and cattle and land, and lumber and labor, and hay and vegetables, dairy products, and everything else the farmer produces, and make it possible for the farmers to live and pay their debts and taxes.

This same condition confronted Abraham Lincoln during the Civil War. He issued \$346,000,000 of United States currency, which is still in circulation and on which we have saved \$11,000,000,000 in interest since that war closed, and have not been taxed a dollar to redeem that currency.

They talk about the gold standard; we have enough gold to issue about four times the amount of money at present in circulation, without in any way impairing our gold reserve—if we were really on a gold standard. With \$8,000,000,000 in gold, which we have at the present time, with a gold coverage requirement of 40 percent under the Federal Reserve Act, our present supply of gold would support a currency of \$20,000,000,000, whereas today we have considerably less than \$6,000,000,000 of currency in circulation.

As I have shown before, we have had inflation or expansion of the currency before. I wonder where the gentlemen who have been criticizing this proposition were from 1914 to 1920? In 1914 we had in circulation in this country \$34.93 per capita. Cotton and wheat and corn were at the same prices they are now. Then we inflated or expanded the currency through the Federal Reserve System—almost the same proposition as that contained in the measure pending before us. By 1920 the per-capita circulation was \$53.21. We had expanded through the Federal Reserve banks from \$34.93 per capita in 1914 to \$53.21 per capita in 1920. It was profitable for the big Wall Street banks to inflate then. They would do so now if the same profits were in sight.

What was the result? You remember the effect it had on the price of raw materials? Cotton went from 11 cents to 30 cents a pound; wheat went from 90 cents to \$2.50 a bushel; corn, hogs, land, labor, lumber, and other raw materials went up in proportion; and for a time the farmers were prosperous. On those price levels we not only contracted debts but we fixed our tax rates, our wage scale, and our standards of living. Then in 1926 they squeezed the currency, contracted it, and drove prices down, and are now demanding that these farmers pay debts that were contracted and taxes that were levied on a basis of 30-cent cotton and \$2.50 wheat with 11-cent cotton and 90-cent wheat. It cannot be done.

This bill will give them relief. It will raise the prices of farm products to their normal levels and restore the prosperity of the people who till the soil. It will restore their purchasing power, enable them to pay what they owe and buy the things they need. That will start the wheels of industry, relieve unemployment without taking money out of the Treasury to do so, and in that way restore prosperity throughout the whole country. [Applause.]

THE CHAIRMAN. The time of the gentleman from Mississippi has expired.

MR. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

MR. BARRY. Mr. Chairman, may I say to my colleague from Mississippi that although I am wearing stripes today I do not happen to be one of the Tammany Tigers.

Mr. Chairman, I yield to no one in my desire to see legislation enacted that is in the interest of social justice. During my short time as a Member of this House I have supported and voted for every measure that I believed was in the interest of the distressed people of our country, regardless of what group or class they belonged to.

The Frazier-Lemke farm bill has been heralded for a long time as an important social-justice measure. For that reason I have probably given it more consideration than I have any other piece of legislation this session.

I have examined it with the principle in mind that justice means "giving to everyone the same advantage, privilege, or consideration as is given to any other", and I regret to say that my conclusion, aside from the question of whether or not the method of raising the money under this bill is sound, is that it is one of the most unjust pieces of class legislation that has ever been proposed in Congress. It is not only class legislation, but in view of the financial condition of our country, it practically precludes the distressed people of 75 percent of our population from receiving any further help from Congress.

For instance, there are many more millions of home owners in the United States than there are farmers, and they have a mortgage indebtedness three times as great as that of the farmers, and they have just as much right to help as the farmer has. In fact, at the present time the farmer can borrow money at 3½-percent interest while the best the home owner can get is 5 percent. If anyone has a claim for further relief it is the latter.

I have discussed the injustice of this situation with some of the sponsors of the Frazier-Lemke bill. They lamey tell me that after their measure is passed they will support a similar measure for the home owners. When one considers that this bill provides for only approximately a third of the outstanding farm mortgages and that a similar measure for a third of the outstanding mortgages on homes would require an additional appropriation of \$7,000,000,000, their position is absurd and untenable.

I further contend in connection with the amount of money required for this legislation that section 17 of the bill, which permits any farmer or any surviving relative who lost a farm since 1921 as well as any person who never owned a farm but who operated one for any 2 years prior to the enactment of the Frazier-Lemke bill to obtain money to buy a farm, makes it possible to spend the entire \$3,000,000,000 without refinancing any farm mortgages at all. Nobody knows how many people are eligible to qualify under that section.

I represent a district containing approximately 1,000,000 people. At least 85 percent of them live in one-family homes. During the past 4 years over 100,000 of them have lost their homes as a result of foreclosure. Despite the good work of the Home Owners' Loan Corporation the percentage of foreclosures in 1935 decreased but slightly.

I have stated that I will support this measure if it is amended so as to give the same benefits to the home owners as it does to farmers, and I will if it is so amended. However, I have been informed that in all probability such an amendment will not be germane. If subsequent events prove that to be the fact, I will consider my vote for this bill or

that of any Representative from an urban center a betrayal of the people we represent. [Applause.]

MR. BOILEAU. Will the gentleman yield?

MR. BARRY. I yield to the gentleman from Wisconsin.

MR. BOILEAU. Who made the promise to the gentleman that someone would introduce legislation along the line the gentleman has just suggested?

MR. BARRY. The gentleman from North Dakota [Mr. LEMKE] told me if I proposed such an amendment he would not oppose it. The gentleman from North Dakota [Mr. BURDICK], with whom I spoke the other day, told me if this goes through there will be a hue and cry from the home owners and we are bound to get such legislation.

MR. BOILEAU. The gentleman from North Dakota said he would not oppose it. That is an entirely different matter from sponsoring such legislation.

MR. BARRY. He told me he would support legislation for the home owners.

MR. LEMKE. I told the gentleman I would support the legislation of home owners and would support them all in the future regardless of where they were located, whether in the city or out on the farm, but suggested that the gentlemen who are so interested in the home owners should themselves introduce further legislation.

MR. BARRY. May I say that during the first or second week of this session I introduced a bill to reduce the interest charged by the H. O. L. C. to 3½ percent, and I introduced a second bill to give the owners in the H. O. L. C. a moratorium for 1 year.

[Here the gavel fell.]

MR. LEMKE. Mr. Chairman, I yield such time to the gentleman from Nebraska [Mr. STEFAN] as he may desire.

MR. STEFAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point and to include therein a brief table on farm imports.

THE CHAIRMAN (Mr. BLAND). Is there objection to the request of the gentleman from Nebraska?

MR. MAVERICK. Mr. Chairman, reserving the right to object, is the gentleman going to extend his remarks on the Frazier-Lemke bill?

MR. STEFAN. Yes.

THE CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

MR. STEFAN. Mr. Chairman, the bill we have under consideration today is of great importance to the people in the Third Congressional District of Nebraska, which I have the honor to represent. The State Senate of Nebraska and the Nebraska House of Representatives have endorsed this bill by resolutions sent to me. More than 30 other State legislatures have endorsed it. I have hundreds of letters from farmers in my district asking that the bill be passed. I feel that a majority of people in my district want this kind of legislation passed by this Congress. Many businessmen, and even some bankers, have told me they favor the passage of a lower-interest-rate measure for farm-mortgage refinancing. Laboring men who realize that they cannot hope to secure steady employment unless the farmer is successful also demand that this legislation be passed.

I feel that unless farmers secure a lower rate of interest to refinance the mortgages on their homes, the future of the American farmer is doomed. Farm income has dropped from around \$19,000,000,000 in 1920 to around seven billion in 1936. Farm-land values have declined over 32 percent; nearly half of the farms in my State are not owned by the farmers who work on those farms; hundreds of farmers are on the relief rolls because they lost their farms because they could not refinance the mortgages; the amount offered to our farmers by the regular Government lending agencies is far under the amount of the mortgages.

Farmers are unable to borrow the difference between what the Government will loan them today and the total of the mortgage held by the loan companies. As a result there are many foreclosures, and farmers are being driven off

their farms and away from their homes by the thousands. A refinancing of these farm mortgages at a low rate of interest with a long time in which to pay will relieve this situation. There is no other remedy to this problem, in my opinion. There is no other real farm relief offered today. Unless this bill is passed and enacted into law the present farm problem will never be solved.

Loans have been made to private industry, to the railroads, to the private shipping industry, to banks and corporations in order to refinance their business in order to keep it from collapse; private banks loan money at very low rates of interest to packers and other industry. But the farm industry is neglected. Unless it is saved from its present plight, the collapse of the farming business is very near. Unless something is done immediately, we will have a country of tenant farmers working for loan companies who hold the mortgages or who eventually will own all of the farms of our land. Individual ownership of these farms by the farmers who work the land is the only answer to future prosperity in this country. A refinancing of these mortgages at a low rate of interest is the only answer to this problem.

Mr. Chairman, the happiest farmers are those who have individual liberty and own their own land. They look to the future in order to raise happy families and to lay by for a rainy day and to provide a start in life for the future generation. Let us give them the same opportunity to do that as our pioneers had when they plowed up the raw prairie and made it bloom with the fruits of Mother Earth. Today there is slavery on our farms. Men and women who have been digging a living for our country out of the ground are penniless. They are being driven from their homes by foreclosures to seek charity on the relief rolls in the towns and cities of our country.

Under the provisions of this bill these farmers are not asking for charity. They are asking the Government to loan them money with which to pay their debts. They want the same opportunity to borrow money from their Government as is given to more power industry. They want to pay that money back at a lower rate of interest. Their Government will not be giving them charity. They will give their Government the best security in the world for these loans—land; good land—from which the world's living comes. The Government will be making money in this venture. It will be securing interest on this loan, which is backed by the best security in the world—land.

Private industry will never continue to be prosperous until the farmer is prosperous. I have called attention of this great body of representatives several times that no town or city will ever continue to be prosperous unless the farmer is given an opportunity to get the same advantages from his business as is given to the businessman in the town. The merchants demand a fair return on their investments. The factories demand at least cost of production for their products plus a reasonable profit. The farmer is the biggest businessman in the world, yet he is the poorest paid for his work and for his products. He seldom gets cost of production for his products.

Towns and cities have been moved as close to the farms as possible for one reason and one reason only: to wait for the farmer to dig something out of the ground and bring it into the town to trade or sell. When he sells, he buys from the merchant; and the merchant in turn sends this money through his bank to the larger centers of factory towns to buy more goods to sell to the farmer.

My district of 22 counties, known for years as the richest agricultural district in the world, was once made up of farmers who owned their own farms. They are the best farmers in the world. They are frugal, hard-working, industrious, and honest. All they ask is to make a decent living for their families. All they want is to raise enough for the feeding of the livestock which they keep on their farms and for the human beings who operate the farm. A little to lay by for the rainy days and for protection against droughts and hard times; a little to leave behind for

the children who follow them. This most of them have been able to do until recent years. They now find themselves in a worse plight financially than many of the great business enterprises which have been refinanced. They now call on their Government for the same opportunity, the same advantages as are given to other businesses of our land.

Give the farmers who need now to refinance their mortgages a lower rate of interest and they will pay it back to the Government tenfold. They will pay back the principal and the interest plus the knowledge that happiness has again returned to the men and women who dig the food out of the ground for you to eat. They will pay it back tenfold, because thousands of them will return to the land from the bread lines and from the relief rolls. They will pay it back tenfold because there will again be happy families united on farms where today there is much misery and suffering.

Thousands of letters from high-minded farmers telling of their present financial plight have reached me. I should like to quote many of these letters to prove to you that conditions are bad and that these conditions must be remedied. I am personally acquainted with many of the writers of these letters. I know them to be men and women of high standing in their communities. Many of them are men and women who have been working on those farms for 20 to 30 years, only to find now that they cannot refinance the mortgages on their homes and that they have been ordered to leave the place where they have lived most of their lives. Refinancing under the Frazier-Lemke idea will save these people.

One letter I quote from:

This is to ask you to do all you possibly can to have the Frazier-Lemke bill, or one better, passed at this session of Congress. We need immediate aid as our farm home is about to be foreclosed. It just seems unjust that people who have always tried by diligence and care and thrift should lose their lovely home which they have worked years to attain. Especially does this seem terrible when parents have children, small boys, such as we have, who must be provided for in order to have them grow up to be good citizens. They must have a sense of security which the present conditions are not giving them. We must have immediate aid or lose our home.

This comes from the farmer and his wife in my district. From a family representative of the fine, stanch American citizens who make up the citizenry of my district and who I am proud to represent in this national body. We cannot and we must not refuse to listen to these pleas from these good people. They are looking to us for the same consideration that we have been giving to other people of our land. They are entitled to this consideration.

Mr. Chairman, since I have been in Congress I have fought for the solutions of the many problems which face the people who live on the farms and in the towns of my district. I discovered early that powerful industrial organizations are not helping the farmer. Neither are they helping the smaller towns and cities of our land. I have endeavored to represent my district from a nonpolitical party standpoint. I have worked and voted for those things which I believed to be for the best interests of all the people of our land, whether these things were sponsored by Democrats or Republicans. I have gone along with either side when I believed their suggestions and their legislative proposals were in my opinion for the best interests of all the people. But I have fought against all of those things which I believed were not good for all of the people, no matter by which party these things were sponsored. I have fought hard against useless expenditure of the taxpayers' money; I have fought and voted against legislation which would place class against class; and I have endeavored to bring before this body those problems especially confronting our farm population. I have learned early that our committee meetings are our workshops and that our House meetings are mostly showrooms.

I have the honor of being a member of three important committees—Educational, Buildings and Grounds, and Insular Affairs. Through work on these committees and the work with the Prairie State group, of which I have the honor of being one of the first members, I learned early that the

farm States' representatives have great obstacles to overcome if they hope to keep the interests of farming communities before the attention of this legislative body. I have learned that already great organizations have developed campaigns to take from the farmer the market entitled to his grain by the importations of blackstrap molasses which they hope will be a substitute as the basis for future industrial and beverage alcohol in our land. I have learned, too, that great organizations are planning to take over through the importation of coconut oil the market to which the product of the farm cow is entitled. I learned early to fight against the importation of great quantities of foreign-produced farm products to compete in the American market which rightfully belongs to the American farmer. There are many contributing factors to the present plight of the penniless American farmer. The so-called depression may have much to do with it, but continual importation of farm produce from foreign lands, the inroads of foreign substitutes for real American farm produce have much to do with the present conditions. The present farm relief apparently does not contemplate a remedy of this evil. How much the importation of foreign farm products into our land at this time contributes to the plight of American farmers can be seen in official figures of imports.

These importations come directly in competition with the products of American farms and forests. They have a value of approximately 25 percent of the total cash income of the American farmers for 1934, less the benefit payments. Nearly every dollar's worth of these products can be produced on American farms, provided always the Congress and the President will protect the American farmer in his fundamental right to produce these commodities.

The following official figures on imports of farm products for the years of 1932 and 1935 demonstrate more forcibly than mere words what has been taking place since the present administration has been in power, and more particularly to what extent President Roosevelt, through his reciprocal trade-agreement treaties, has surrendered the American market for farm products to the foreign farmer:

Product	Unit	1932 imports	1935 imports
Corn.....	Bushels.....	347,627	43,242,296
Oats.....	Bushels.....	58,786	10,106,903
Wheat.....	Bushels.....	10,026,320	27,438,870
Barley, malt.....	Pounds.....	52,532,636	320,622,537
Rye.....	Bushels.....	87	9,642,523
Tapioca (starch substitute).....	Pounds.....	130,000,372	202,112,319
Hay.....	Tons.....	13,858	67,171
Soybean.....	Pounds.....	36,568,700	107,463,044
Cottonseed (cake and meal).....	Pounds.....	1,058,945	59,743,372
Butter.....	Pounds.....	1,052,598	22,674,642
Cattle.....	Number.....	95,407	364,623
Hogs.....	Pounds.....	28,375	3,414,317
Fresh pork.....	Pounds.....	1,657,500	3,922,609
Hams, bacon, etc.....	Pounds.....	3,015,489	5,297,335
Fresh beef.....	Pounds.....	796,594	8,584,114
Canned meats.....	Pounds.....	24,638,261	76,653,242
Total meat products.....	Pounds.....	45,706,926	115,059,124
Eggs in shell.....	Dozen.....	243,784	432,076
Dried yolks.....	Pounds.....	726,400	3,952,664
Frozen yolks.....	Pounds.....	422,060	1,199,772
Egg albumen.....	Pounds.....	1,275,790	1,876,445
Wool and mohair.....	Pounds.....	56,535,176	202,732,658
Dried milk.....	Pounds.....	596,448	2,743,349
Hides.....	Pounds.....	188,013,286	303,475,633
Inedible molasses.....	Gallons.....	155,888,307	235,161,684
Beet sugar.....	Pounds.....	1,139,134	1,681,598
Sunflower-seed oil.....	Pounds.....	16,456,724	37,051,732
Palm-kernel oil.....	Pounds.....	2,938,209	7,977,812
Peanut oil.....	Pounds.....	1,512,682	80,723,225

This table does not show the tremendous loss to the American farmers resulting from the annual importation of 4,500,000 tons of sugar, valued \$405,000,000, every pound of which could be raised on American farms if our farmers were permitted to do so. Nor does it disclose the reprehensible administration program under which the American production of sugar is curtailed.

The fact that we grow and refine only 30 percent of the sugar we consume is given no consideration whatever by the bureaucrats now regimenting the sugar industry. They go merrily on their crackpot way, taxing our people to pay the

farmers to take out of production millions of acres of fine agricultural lands upon which we might well produce those foreign products now flooding the American market and ruining the price the American farmer receives for the products of his labor and investment.

It is announced that the President has completed negotiations with the Republic of France for another trade agreement. This treaty has already been signed, sealed, and delivered, and no American citizen is allowed to know until May 15 a single thing incorporated in the treaty, no matter how adversely he may be affected by its provisions. We may be sure, however, that this treaty will still further open our gates to the French, who give us something in return, and also to the 77 other nations who give us nothing in return. This "hoss trading" engaged in by Mr. Roosevelt and his Secretary of State is of a quality to make even the most unenlightened "hoss trader" seem a veritable mental giant in comparison.

How all of these contributing factors deal with the life on the farm should be taken into consideration by those who claim a refinancing of present farm mortgages is not timely. These contributing factors must be taken into consideration by those who claim on the floor today that we have done too much for the farmer; these factors must be taken into consideration by those who are fighting this refinance bill and who were so eager to vote to appropriate money to refinance other business—business which owes its very existence to the farmers, because all industry depends upon how much the farmer can raise and sell and how much the farmer can buy back to keep his farm in operation.

Farmers of my State will not be satisfied until their farm business is on a paying basis. It will never be on a paying basis until this farm business is given the same opportunity for refinancing as is given to other business in our country. I hope, Members of this House, that you will join with us today in refinancing the real business of America—the farm business.

Mr. LEMKE. Mr. Chairman, I yield such time to the gentleman from North Dakota [Mr. BURDICK] as he may desire.

Mr. BURDICK. Mr. Chairman, in view of the fact I have spoken five times in this Congress on the pending bill, I deem it only fair that other Members should have a chance to be heard on this subject. I therefore ask unanimous consent to extend my own remarks in the RECORD at this point and to include a table of the Liberty bond loans sold in this country, as prepared by the Secretary of the Treasury, and also tables that I have prepared myself as to the settlement of those debts and how they were settled in foreign countries.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

SHALL WE RELIEVE THE DEBTORS IN THE UNITED STATES? DID WE CANCEL LOANS MADE TO FOREIGN GOVERNMENTS DURING AND IMMEDIATELY FOLLOWING THE WORLD WAR?

Mr. BURDICK. Mr. Chairman, I desire to place before Congress and the country a statement concerning the loans made to foreign governments during and immediately following the World War, the amount loaned, the terms of the loan, the various settlements made since, the amount paid, and the amount outstanding today.

At the same time it will be necessary to show how this money for these loans was raised in this country and the condition today of the obligations incurred.

In the development of the scope of this inquiry, it will be necessary to show something of the cost of that war to the people of this country.

If all these real truths were brought home to the people of this country, it would put a stop to future wars so far as this country is concerned, unless there should sometime be a war of self-defense brought to our own shores.

Many people in this country are much concerned because the Federal Budget is out of balance. When we consider that drought and flood and other acts of God have been to a large degree responsible for much of the relief expenditures,

we can well say that the Budget in relation to ordinary expenditures is not far from being balanced today. The relief expenditures added to the ordinary expenditures throws the Budget out of balance. What we have spent for relief—and any just government should always stand ready to make these expenditures—is not a drop in the bucket when compared to war expenditures from 1917 to 1919. During that period the people of this country were actuated with a sort of wild hysteria to go ahead with war expenditures. Today, with the relief situation acute in many sections of the country, and suffering more acute than that ever before known in war or peace times in this country, we find the press—especially the metropolitan press—demanding that we put a stop to these expenditures. There is much merit in saying that the money for relief has been improperly, unfairly, unjustly, and politically expended, but this does not justify the statement that all further relief expenditures must be stopped. As a matter of fact, we shall be obliged to spend more billions for relief before we are through with this war of depression.

#### HOW THE MONEY WAS RAISED TO LOAN TO FOREIGN GOVERNMENTS

From June 1917 to May 1919, five Liberty loans were issued by the United States, in a total amount of \$21,432,924,700.

On March 31, 1936, all of the Liberty loans had matured, and were paid, or refunded into other issues. On that date \$125,000,000 of these loans had not been presented for payment and were, therefore, outstanding. A large percentage of these bonds will probably never be presented for the same reason that money is not all presented. Since the Government started, we are about \$500,000,000 ahead on the issue of money for the reason that that amount has been lost, burned, or sunk in the oceans, and has never been and will not be presented for payment. The Government will come out many millions ahead in the issue of these Liberty bonds.

#### HOW THE LIBERTY BOND STANDS TODAY

Total	\$21,432,924,700
Paid and retired	10,276,196,800
Refunded into other bonds	11,039,650,450
Outstanding	117,077,450
Total	21,432,924,700

The interest rate on the various Liberty loans was as follows: First issue 3½ percent, and the rates of interest on conversion and other issues is fully set forth in the tables below.

In this connection it should be remembered that in reality the Government did not loan its own money to any foreign government. The proceeds from the sale of Liberty bonds came from the people of this country. The people put the money in. In many instances good citizens were forced to buy these bonds, even when they did not have the money. In the tables below the number of people who purchased these bonds are listed. In the last sale—the Victory Liberty Bonds—11,803,895 people bought these bonds. In my section of the country, thousands bought bonds by borrowing money at the banks and giving as security their livestock, machinery, and land. Many farmers really were coerced into buying for fear that they would be charged with being German sympathizers. In fact, thousands of citizens were arrested, when the only evidence against them was that they had not bought bonds. Some of the purchasers never saw the bonds—they were left with the banks as security. Being actually forced into the bad business of going into debt, many people now wonder why the farmer today has a debt structure hanging over him which never can be paid.

When the Federal Reserve Board manufactured the depression in 1920, for no reason at all, and the bottom fell out of farm prices, including land, the farmer was forced to sell his Liberty bonds to raise ready cash. When the farmer got that far along, he found out that he must take a discount on these bonds, although he bought them at par. Dis-

counts of 10 percent were common, and in many sections it ran up as high as 28 percent. At any rate, the farmers and workers lost their bonds but were forced to pay the purchase price in full. Countless numbers of first farm mortgages were made in this country for the sole purpose of paying the purchase price of these bonds.

While the people paid for the bonds the money was squandered, as we shall soon see, and still over 50 percent of the bonds or reissues of them are still outstanding and drawing an average rate of 4½ percent. They must be paid, and the only way they ever will be paid is through taxation. Thus the people will pay for the bonds a second time. What has been paid was paid by taxation against the people. In addition to that, the interest charges on these bonds extracted annually from the people another \$910,000,000 until the first bonds were paid. Since 1919, when the last Liberty Loan was made, this interest charge has amounted to \$10,470,000,000. Adding this to the principal of the Liberty bonds issued, we have the following figures:

Principal	\$21,432,924,700
Interest to date	10,470,000,000

Total Liberty-bond debt for the war 31,902,924,700

#### WHAT WAS DONE WITH THE PROCEEDS OF THESE BONDS

It will be interesting now to see how lavishly the Government handed out the people's money. Remember again, it was not Government money. At the time this country entered the World War, England and France had floated bond issues in this country, which were either held by the banks who floated the loans or by their customers. England's debt was \$354,000,000. France owed \$290,000,000.

The House of Morgan saw a chance to collect this money, and one of the very first uses made of the people's money—Liberty-bond proceeds—was to pay off this debt. There are many reasons assigned by the Government why this was done, but the one outstanding, undisputed reason is that these debts were actually paid. Money was advanced to foreign governments from the proceeds of these bonds in the amount of \$9,610,405,575.45. Remember again, this was the people's money.

The money thus loaned, can, for the purpose of a complete understanding of the matter, be divided into two classes:

Pre-armistice loans amounting to	\$7,077,114,750.00
Post-armistice loans amounting to	2,533,288,825.45

Total 9,610,405,575.45

These loans were made on demand, and drew interest at the rate of 5 percent.

To the above amount loaned to these governments must be added the following items:

Surplus supplies in Europe sold	\$599,122,733.21
Relief after the war	84,093,963.55
Relief under the act of 1920	56,858,802.49
Principal as given above	9,610,405,575.45

Total loans 10,350,479,074.70

The next question the American people want to know is how much of their money is outstanding and not paid, and what has been done about it. A statement from the Treasury Department under date of January 10, 1936, presents the whole story:

In 1921 and 1922 the world was in a state of financial disorder. No debtor nation could have paid its debts to the United States (the people) had payment been demanded. Many of them were unable to pay the interest at 5 percent called for in their obligations. Only with time and more stable conditions could the possibility of settlement arise.

Recognizing that the debtor nations could not pay on demand, Congress originally authorized the debts to be funded (recontracted) on no longer than a 25-year basis and at not less than 4½-percent interest. The act of February 9, 1922, created the World War Foreign Debt Commission, consisting of five members, with authority—

And so forth. This meant that this Commission had authority to carry out the provisions of the act of Congress.

Through subsequent acts of Congress the Commission made the following settlements respecting these foreign debts:

The total debt at date of funding	\$11,586,820,828.53
Less payments made from 1917 to 1923, 1925,	
1926	9,559,943.53
	11,577,260,885.00

There are people in this country who still assert that we did not cancel any of these debts. The Government still makes this claim, although the facts to which they agree demonstrate beyond the province of argument that the Government did actually give away over 50 percent of the people's money, and in effect all of it, in these settlements in the following particulars:

First. The time was changed from demand to 62 years. Second. The interest was reduced from 5 percent to as low as four-tenths of 1 percent.

Third. Payments were arranged over this long period.

Fourth. The cash value of the paper they received in lieu of the old obligations was only \$5,888,000,000 instead of \$11,577,260,885, or a net loss of \$5,689,260,885.

In addition to this, the story is not half told. For every dollar of this money loaned, the people of the United States are paying on Liberty bonds, and will pay for years to come, 4 1/4 percent, while the interest rate fixed for France was 1.6 percent, Italy four-tenths of 1 percent, England 3.3 percent. For years to come the people of the United States will have to pay this additional interest for all of the countries who settled for a lower interest rate than that which the people are required to pay on the Liberty bonds of their reissue.

I submit, for the purpose of illustration, the funding settlements with England, France, and Italy:

*Data on war-debt settlements*

	England	France	Italy	Average and grand total
Date of settlement	Dec. 15, 1922	June 15, 1925	June 15, 1925	
Total debt at time of settlement	\$4,715,310,000	\$4,230,777,000	\$2,150,150,000	\$11,006,237,000
Total debt after settlement	\$3,296,001,690 (out of 30.1 percent).	\$1,697,618,369 (out of 60.3 percent).	\$425,729,700 (out of 80.2 percent)	\$5,041,349,759 (average, 51.34 percent)
Total payments to be made over period of 62 years.	\$7,105,965,000	\$6,847,674,104	\$2,407,677,500	\$16,361,316,604
Original rate of interest	5 percent annually	5 percent annually	5 percent annually	
Rate of interest after settlement	3.3 percent	1.6 percent	Four-tenths of 1 percent	Average, 2.51 percent
Total indebtedness to United States Jan. 10, 1936.	\$4,950,595,391	\$4,041,152,328	\$2,014,065,749	\$11,005,813,378
Excess interest paid by people of United States over all payments received.	\$1,517,827,582	\$1,977,756,125	\$968,649,958	\$4,464,233,665

(1) Only 3 large debtors are included.

(2) The carrying charge to the people of the United States on these debts figured at 4 1/4 percent.

(3) Source of information; (a) Memorandum of the Secretary of the Treasury, revised Jan. 10, 1936; (b) combined annual reports of the World War Foreign Debt Commission, 1922-26.

**WHAT IS THE PRESENT SITUATION OF THESE FOREIGN OBLIGATIONS?**

How much is still due, although we discounted the total 50 percent and gave away in the next 62 years billions of interest which the American people will have to pay?

Funded debt unpaid	\$11,229,078,286.95
Unfunded debt unpaid	204,851,113.64
Total	11,433,929,400.59
Interests postponed by moratorium agreements	184,164,561.52
Interest due and unpaid	810,743,068.22
Total due Jan. 10, 1936	12,437,837,030.33

Since the last funding date in 1925, with the exception of Austria and Greece, this foreign war debt has not been reduced, but actually increased from \$11,577,260,885 to \$12,437,837,030.33, or an increase during the last 11 years of \$860,576,145.33.

In addition to the above debt of \$12,437,837,030.33 We must add the debt due us from Germany for the expenses of our army of occupation, amounting Jan. 10, 1936, to 1,332,250,360.95

Total debt 13,669,087,391.28

If these governments actually paid us the interest they agreed to pay, over a period of 62 years, the American people would lose on interest the difference between that rate and the rate of 4 1/4 which they have to pay on this debt of nearly \$14,000,000,000.

In the case of Italy we lose annually interest on \$2,150,150,000, the difference between 4 1/4 percent and four-tenths of 1 percent, which amounts to 3.85 percent. Annually this amounts to \$82,780,775. If this process were kept up for 62 years, the loss in interest to the American people would be \$5,132,408,050. But that is not all. Italy will probably never pay a cent of this debt, as it can better afford to use its money in wars of conquest than in paying its just debts.

At any rate the American people will have to finance foreign loans to the extent of nearly fourteen billions at the rate of 4 1/4 percent, while the average interest which foreign governments agree to pay—but have not—is 1.76 percent, representing an annual loss in interest of \$350,000,000. Since these governments, or most of them, are paying no interest

at all, the American people support those obligations at 4 1/4 percent annually, or an annual toll of \$630,000,000.

In figuring the present value of the securities which we received on the date of settlement was only 50 cents on the dollar, in light of what has happened in the last 11 years, the present value of those obligations could not be more than 33 cents on the dollar. In the further light of the developments in Europe, I have no confidence whatever that, outside of a few governments, any of these debts will be paid. At the end of the 62-year period it is possible that we shall collect enough to pay 25 percent of the interest the people of this country will have to pay on the same amount of money represented by outstanding bonds.

Where is the informed, thinking Member of this Congress who will rise in his seat and deny that we have made a complete cancellation of the \$12,000,000,000 of the people's money which this Government loaned to foreign countries?

There were many good reasons advanced why we should enter into these funding settlements. I present here some of them:

Speaking of the settlement with Great Britain, the Debt Commissioners, including Mellon, Hughes, Hoover, Smoot, and Burton, said in February 1923:

It has not been the thought of the Commission that it would be just to demand over a long period the high rate of interest naturally maintained during the war and reconstruction, and that such an attempt would defeat our efforts at settlement. Beyond this the Commission has felt that the present difficulties of unemployment and high taxation in the United Kingdom should be met with suitable consideration during the early years, and therefore the Commission considers it equitable and desirable that payments during the next few years should be made on such basis and with such flexibility as will encourage economic recuperation not only in the countries immediately concerned but throughout the world.

This settlement between the British Government and the United States has the utmost significance. It is a business settlement fully preserving the integrity of the obligations, and it presents the first great step in the readjustment of the intergovernment obligations growing out of the war.

Would not such a pronouncement, in regard to the affairs of the people of the United States, be in order now? We are now, as Great Britain was then, burdened with unemployment and mounting taxes. Would it not be in order

now in this country to extend our obligations over a long period of time and reduce what the commission called "high interest rates"? Would it not be in order to give the debtors of the United States a plan of debt payment that shall have in it the "flexibility" proclaimed for Great Britain by the august commission?

Would it not be a business settlement, preserving the integrity of obligations, to permit our farmers and home owners to have access to a system of finance that shall not take from them their last nickel to keep up an unconscionable and unbearable rate of interest?

When this commission canceled, according to the admissions of the Treasury Department, 50 percent of the foreign debts, they called it a business settlement, although the written contract provided for full payments with 5-percent interest annually. I wonder just where the "inviolability of contracts" which every court in America subscribes to was when these settlements were made.

I wonder how it came about that the present Chief Justice of the United States forgot the "inviolability of contracts", the "sacredness of contracts", when he subscribed his name to settlements, in clear and positive violation of contracts. When the Frazier-Lemke Farm Bankruptcy Act came before the same Justice, the principle of the inviolability of contracts, when applied to citizens of this country, came back in full force and significance. Even the presence of a great emergency where all farmers were helplessly mired in financial disorder, through no fault of their own, did not prevent the full and complete working of the American court custom of the "inviolability of contracts." Yes, the "sacredness of contracts" must be preserved, even though 10,000,000 farm people must be dispossessed to maintain this great principle of law.

Listen to President Harding on the debt settlement with Great Britain, under date of February 7, 1923:

But here is a great nation acknowledging its obligations and seeking terms in which it might pay. So your Commission proceeded to negotiate in a business way for a fair and just settlement.

It is the recommitment of the English-speaking world to the validity of a contract.

The contract of Great Britain—the original contract to borrow money, the note, the bond, the mortgage—was absolutely canceled and a new one substituted. If it was not, if the same contract was to be kept, why did Great Britain seek terms of payment? The terms were fixed in the bond. Yet, President Harding had the audacious nerve to say to Congress that this new contract maintained the principle of "validity of contracts."

The farmers of the United States want to pay; they will pay when they can. But they must have, like England, a reduction of the interest and a long period of time in which to pay. That is all. Under the debt contracts which they now have, this cannot be done, because the "inviolability of contracts" will be raised against them in the Supreme Court of the United States and there be sustained. Great Britain was a mighty nation seeking terms in which it might pay. We granted it. Today the farmers of the United States, involved in a great war of depression—a war that has lost them \$47,000,000,000 in land values alone—are "seeking terms in which they may pay." The only possible way it can be done, in view of the "inviolability of contracts" doctrine of the courts, is to discharge the old contracts—debts—and enter into new contracts that will permit them to pay.

It is a sad commentary on American justice, if we shall be accused of funding \$12,000,000,000 of debts to foreign countries but will now fail to fund \$9,000,000,000 owed by the farmers of the United States.

Let us do here in this Congress what the Debt Commission did in those settlements. They said then, what we say now:

This is a business settlement, fully preserving the integrity of contracts, and it presents the first step in the readjustment of, not inter-Government obligations, but the farm-debt obligations growing out of the war.

Do that and pass this bill providing for a just, a safe, a reasonable, and equitable, a constitutional, plan of farm re-

finance that will permit the farmers of the United States to retain their homes, protect their families, and taste again that spirit of American liberty which was kindled in the home. Permit them to pay their just debts—give them a chance to do it. Give them cause to respect this Government and if need be lay down their lives for it. Make them again, as they always have been, the unswerving defenders of American liberty. In that farm home is the spirit that no foreign invader can subdue; in that home live the men and women who produce the Nation's food—that thing that wins all wars. From that home come the gallant young soldiers who bare their breasts to the enemy fire, the men who go over the top, the men who have always preserved this Government and always will—if this Government will return to them a portion of that protection which they have always offered to their country. Destroy the homes in this country by whatever means you will—foreclosure, dispossession, unbearable interest burdens, and this great country will take its place with other failures of government whose records now lie forgotten among the musty pages of ancient history.

The tables above referred to are as follows:

THE LIBERTY LOANS (LIBERTY BONDS AND VICTORY NOTES), JUNE 30, 1935

FIRST LIBERTY LOAN OF 1917-47

Original issue of First 3½'s, dated June 15, 1917; subsequently in part converted (or reconverted) into other First Liberty Loan bonds bearing higher rates of interest. The date of maturity of all the bonds of this loan, whether of the original issue or a converted issue, was June 15, 1947; the bonds were callable for redemption on and after June 15, 1932, on 3 months' notice. On March 14, 1935, the outstanding bonds of this loan were called for redemption on June 15, 1935, on which date interest ceased.

First 3½'s—original issue June 15, 1917:

Offered for subscription	\$2,000,000,000
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Subscribed	8,035,226,850
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Allotted—final (issued)	1,989,455,550
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Retired on conversion:

To First 4's	\$568,318,450
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To First 4½'s	7,570,550
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To First-Second 4½'s	3,492,150
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579,381,150
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Redeemed:

Uncalled before Mar. 14, 1935	17,848,150
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1,335,515,350
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Called since Mar. 14, 1935	1,317,667,200
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1,914,896,500
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Outstanding June 30, 1935	74,559,050
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First 4's—converted issue Nov. 15, 1917:

Issued on conversion from First 3½'s	\$568,318,450
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Retired on conversion to First 4½'s	547,641,750
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Redeemed	20,676,700
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Uncalled before Mar. 14, 1935	\$15,674,250
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Called since Mar. 4, 1935	3,839,200
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19,513,450
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Outstanding June 30, 1935	1,163,250
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First 4½'s—converted issue May 9, 1918:

Issued on conversion:	
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From First 3½'s	\$7,570,550
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From First 4's	547,641,750
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555,212,300
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Redeemed:	
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Uncalled before Mar. 14, 1935	22,723,200
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Called since Mar. 14, 1935	463,667,400
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486,390,600
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Outstanding June 30, 1935	68,821,700
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First-Second 4½'s—converted issue Oct. 24, 1918:

Issued on conversion from First 3½'s	\$3,492,150
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Redeemed—called since Mar. 14, 1935	3,234,500
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Outstanding June 30, 1935	257,650
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Total First Liberty Loan bonds outstanding June 30, 1935 (payable on presentation)	144,801,650
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## SECOND LIBERTY LOAN OF 1927-42

Original issue of second 4's dated November 15, 1917; subsequently largely converted into second 4 1/4's dated May 9, 1918. The date of maturity of these bonds was November 15, 1942, but the bonds were callable for redemption on and after November 15, 1927, on 6 months' notice. On May 9, 1927, the outstanding bonds of this loan were called for redemption on November 15, 1927, on which date interest ceased.

Second 4's, original issue Nov. 15, 1917:

Offered for subscription (with right reserved to allot up to one-half the amount of any oversubscription)	\$3,000,000,000
Subscribed	4,617,532,300
Allotted—final (amount issued)	3,807,865,000
Retired on conversion (into second 4 1/4's)	\$3,707,936,200
Redeemed	99,313,050
	3,807,249,250

Outstanding June 30, 1935 615,750

Second 4 1/4's:

Issued on conversion from second 4's	3,707,936,200
Redeemed	3,706,815,750
Outstanding June 30, 1935	1,120,450

Total second Liberty Loan bonds outstanding June 30, 1935 (payable on presentation) 1,736,200

## THIRD LIBERTY LOAN OF 1928

Third 4 1/4's, original issue May 9, 1918; matured for payment Sept. 15, 1928, on which date interest ceased:

Offered for subscription (with right reserved to allot full amount of any oversubscription)	\$3,000,000,000
Subscribed	4,176,516,850
Allotted—final (amount issued)	4,175,650,050
Redeemed	4,172,846,500

Outstanding June 30, 1935 (payable on presentation) 2,803,550

## FOURTH LIBERTY LOAN OF 1933-38

Fourth 4 1/4's—Original issue Oct. 24, 1918. The date of maturity of these bonds was Oct. 15, 1938, but the bonds were callable for redemption on and after Oct. 15, 1933, on 6 months' notice. All outstanding bonds of this loan have been called for redemption as follows: First call (Oct. 12, 1933) for redemption on Apr. 15, 1934, included bonds bearing serial numbers ending in 9, 0, or 1; second call (Apr. 13, 1934) for redemption on Oct. 15, 1934, included bonds bearing serial numbers ending in 8 or 2; third call (Oct. 13, 1934) for redemption on Apr. 15, 1935, included bonds bearing serial numbers ending in 5, 6, or 7; fourth (final) call (Apr. 13, 1935) for redemption on Oct. 15, 1935, includes bonds bearing serial numbers ending in 3 or 4. The interest on bonds included in each call ceases on the day fixed in each instance:

Offered for subscription (with right reserved to allot full amount of any oversubscription)	\$6,000,000,000
Subscribed	6,992,927,100
Allotted—final (amount issued)	6,964,581,100

	Total amount	Total redeemed	Outstanding June 30, 1935
Uncalled	\$722,344,250	\$722,344,250	
First called (due Apr. 15, 1934)	1,880,428,200	1,868,737,150	\$11,691,050
Second called (due Oct. 15, 1934)	1,246,231,800	1,228,925,850	17,305,950
Third called (due Apr. 15, 1935)	1,869,346,100	1,809,606,250	59,739,850
Fourth called (due Oct. 15, 1935)	1,246,230,750	1,246,230,750	
Total	6,964,581,100	5,629,613,500	1,334,967,600

NOTE.—Fourth Liberty Loan bonds (temporary coupon, permanent coupon, and registered) were numbered serially beginning with no. 1 for each denomination, and all bonds have been issued in this serial order. Accordingly the outstanding bonds were divisible into 10 approximately equal series as determined by the final digits of the serial numbers, and this approximate division has been the basis for separating the amounts included in each of the four calls. It follows that the amounts above stated for each call are approximate amounts, subject to adjustment as bonds are redeemed.

## VICTORY LIBERTY LOAN OF 1922-23

Victory 3 1/4's and Victory 4 1/4's: Two series of interconvertible notes, dated May 20, 1919; maturity date, May 20, 1923; but either or both series callable for redemption in whole or in part on June 15 or Dec. 15, 1922, on 4 months' notice. Victory 3 1/4's called for redemption on June 15, 1922; Victory 4 1/4's in part called for redemption on Dec. 15, 1922, the balance matured May 20, 1923. Interest ceased on such respective dates:

Offered for subscription	\$4,500,000,000
Subscribed	5,249,908,300
Allotted—final (amount issued)	4,495,373,000

Victory 3 1/4's:	
Original issue	\$672,585,100
Issued on conversion	424,666,750
Retired on conversion	505,068,900
Redeemed	592,172,050
Outstanding June 30, 1935	1,097,251,850
	1,097,240,950

Victory 4 1/4's:	
Original issue	\$3,822,787,900
Issued on conversion	505,068,900
Retired on conversion	424,666,750
Redeemed	3,902,417,450
Outstanding June 30, 1935	4,327,856,800
	4,327,084,200

Outstanding June 30, 1935	772,600
Total outstanding June 30, 1935 (payable on presentation)	783,500

## RECAPITULATION—FIVE LIBERTY LOANS

Liberty loan	Subscribed	Issued	Redeemed	Outstanding June 30, 1935
First	\$3,235,226,850	\$1,989,455,550	\$1,844,653,900	\$144,801,650
Second	4,617,532,300	3,807,865,000	3,806,128,800	1,736,200
Third	4,176,516,850	4,175,650,050	4,172,846,500	1,203,550
Fourth	6,993,927,100	6,964,581,100	5,629,613,500	1,334,967,600
Victory	5,249,908,300	4,495,373,000	4,494,589,500	1,783,500
Total	24,072,111,400	21,432,924,700	19,947,832,200	1,485,092,500

<sup>1</sup> Matured, on which interest has ceased.

<sup>2</sup> \$88,736,850 matured on which interest has ceased; \$1,246,230,750 called for redemption on Oct. 15, 1935, on which date interest will cease. (See note under Fourth Liberty Loan of 1933-38.)

## Estimated number of subscriptions

First Liberty Loan	4,000,000
Second Liberty Loan	9,400,000
Third Liberty Loan	18,302,325
Fourth Liberty Loan	22,777,680
Victory Liberty Loan	11,803,895

## TREASURY DEPARTMENT,

Office of the Commissioner of the Public Debt, July 26, 1935.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. PEYSER].

Mr. PEYSER. Mr. Chairman and ladies and gentlemen of the Committee, I am going to consume but 5 minutes of your time. There is one point I would like to bring to the attention of the Committee that has not been touched upon. Although there was reference made to the fact that there were 63,000,000 life-insurance policyholders in this country, the subject as to how they would be affected was not particularly touched upon.

Prior to the passage of the first Frazier-Lemke bill, which has been held unconstitutional, I then expressed the belief that that measure would hurt instead of helping the farmer.

I believe that I have been justified in that belief, because I have the figures of one life-insurance company alone that in their annual report for the year 1933 showed \$220,000,000 of farm loans. In 1935 that was reduced to \$110,000,000.

Whether that result was reached as the result of the company bailing out, as some proponents claim, or not, it is my belief that the reduction was due to the fact that the company withdrew from purchasing farm mortgages.

I believe if this measure should become a law the result would become more hazardous, not only to the farmers but the 63,000,000 people who hold life-insurance policies.

These companies today set up a rate based on the combined table of mortality, using 3-percent interest. Some companies have 3½ percent and some 4 percent. How in the world can they exist where the style has changed and the interest has been reduced to 1½ percent?

It means only two things: It means that the policyholders in mutual companies will be deprived of their dividends and the companies will be forced to have policies in force based on 1½ rate of interest, instead of 3, 3½, or 4 percent, as called for when the policies were issued.

It means bankruptcy for those who come under that plan. Further, it means scuttling of all insurance rates in the country.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. PEYSER. No; I have only a few minutes. I claim under this bill that the farmer will be even worse off than before. It is not only life-insurance companies that invest in mortgages. The country banks and savings banks that formerly paid 3 and 3½ percent on deposits would be forced to cut the interest rate.

I hope this bill will be beaten here in the House and relieve the minds of millions of people now in fear of the inflation that would surely follow.

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include some brief quotations.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. REED of New York. Mr. Chairman, I am opposed to this bill because of its inflationary purposes. I do not think the Frazier-Lemke bill presents a partisan question. I believe that every vote cast in this House should be based upon the individual's honest conviction as to whether or not the bill is a good thing for the country as a whole. I believe that the House should, whenever it can in considering legislation, turn back the pages of history and see whether or not similar experiences have been tried and whether they have been successful or whether they have failed.

I do not suppose I can make very much of an impression upon any Member here. You, no doubt, have determined now how you intend to vote. I know how I am going to vote, and I am basing it very largely upon experience that various nations have had in years gone by, including our own.

I want to take you back about 200 years to the time when a great financial genius by the name of John Law lived. He was the son of a Scotch banker. He had given considerable study to the question of money and he had come to the definite conclusion that you can maintain the value of money by backing it with land, or purely as a credit money, rather than with metal.

He could not interest the Scotch bankers in his scheme. He went over to Amsterdam and tried to interest Dutch bankers, but they turned him down. Then he traveled into France and approached Louis XIV, who also declined to entertain his scheme. Later, when France was in desperation, the regent of Orleans showed sympathy for John Law's scheme for issuing paper money based upon land or credit, and just 220 years ago a bank was established and John Law was put in charge of it, the function of the bank being to issue paper money, and it did issue paper money to the ruin of France. This paper money rapidly diminished in purchasing power, inflation came, and one issue followed another until finally, to divert attention from the approaching fiscal disaster, he plunged into the Louisiana scheme where he had promised investors to open up mines of great wealth. This scheme also collapsed and he had to flee from France, and later died a dissolute gambler in a foreign land.

Now, you would have supposed that France would have learned a lesson from that experience, but such was not the case. Eighty years later, in 1790, the National Assembly met. France was in debt. The Government was spending

more than it was receiving in revenue. The statesmen decided to again resort to the plan of issuing currency backed by land. The National Assembly confiscated all church property, valued at a billion dollars, which constituted one-fifth of the richest land in France. A motion was made in the National Assembly by Talleyrand, Archbishop of Autun, and seconded by the greatest orator of the time, the great leader, Mirabeau, to issue paper backed by the church land, and it was carried. The Assembly proceeded to issue currency, and it passed a resolution that never under any circumstances would they issue currency in excess of the value of the land; that they were going to restrict the issue to about \$400,000,000 in our currency.

No sooner was that currency off the press than all kinds of metal, the smaller coins that were in circulation, disappeared. Then came a demand within 3 months—of course, under pressure of the paper-money groups—for more money, and the legislature again issued more paper money; and that kept up for a period of 5 years, until just one item, a pound of bread, cost \$16 in our money, and everything else cost in proportion. It took 40 years to rebuild the industry and capital structure of that country. Yet, at the time of each issue of this paper money, starting in a small way at first, there was great enthusiasm displayed. The people held torchlight parades to celebrate the so-called new influx of wealth; chambers of commerce and various municipal organizations sent in resolutions commending the Assembly for issuing more and more of this paper money, but the periods of joy became shorter as the issues became more frequent.

We had an experience in our own country. We had an experience right after the Revolutionary War. The little State of Rhode Island found itself burdened with debt. The farmers had mortgages on their places, and they had their share of the national debt to carry. The farmers thought they saw a way out of their difficulty by issuing paper money backed by farm mortgages. They proposed to the Assembly of Rhode Island that it establish a paper-money bank, that it issue money based upon mortgages on the farms of Rhode Island. They went to the assembly with the proposal and it was turned down. Finally their groups grew larger and they went to the assembly again in 1786, but the assembly defeated their proposal by a vote two to one. Then what did they do? Exactly what political groups do today. They went out into the country districts and organized a paper-money party, with the result that they swept Rhode Island in the next election. They had control of the assembly. They immediately established a paper-money bank capitalized at 100,000 pounds. They provided that any farmer who wanted money could, by simply pledging twice the amount of farm property, receive currency. The farmers flocked in to get this new printing-press money. They, too, held celebrations. They saw great prosperity as a result of this so-called influx of new wealth. When the new money was issued it started to depreciate. The farmers took their produce into Providence and Newport; then when the farmers endeavored to buy goods the merchants refused to receive the new money at par.

The farmers would not sell at a discount. Finally the pressure became very great and the merchants in desperation closed their shops or else they sold by barter. They would not accept the new money. Then the assembly came to the rescue again and started passing forcing acts. They passed an act which provided that any person who refused to take this paper money at par could be fined for the first offense about 6 to 30 pounds, and for the second offense still more, and finally the penalty of imprisonment was imposed. A butcher refused to take this paper money for meat. He was haled into court. Leading lawyers appeared on both sides and argued the question all day. The court held that the act was unconstitutional. Then the assembly summoned the court before it and finally removed four of the judges. Still the people would not take that paper money. They refused to take it, even in the face of the drastic forcing acts. The farmers would not sell their produce, unless the people would take the money at par. Finally the cities had

to borrow money and procure produce outside to keep the citizens from starving to death. There were riots and bloodshed on the street, but still the people refused to take this money. Finally the assembly formulated an act that required every person to take an oath to take the money at par. Otherwise a man could not run for office, a lawyer could not practice law, a ship captain could not take a boat in or out of the State, and it went on down the line; but the assembly had started to reflect; its members decided they would not assume full responsibility for it, instead they submitted the proposal to a referendum vote throughout the State, with the result that the people, realizing the futility of this paper money backed by land, voted it down. Only three townships in the whole State voted in support of this oath.

We are traveling, Mr. Chairman, in the same direction; and just as surely as you inflate the currency by starting the printing press by printing \$3,000,000,000 you will have one group after another demanding more issues of fiat money. You are now traveling the same course that has been traveled by every country, even our own, which has tried this form of inflation. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 3 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, I have written up carefully what I wanted to say on this bill, because I knew the time would be short and perhaps I would not get much. I therefore ask unanimous consent that I may revise and extend my remarks and add thereto a short letter containing some questions that were asked by a constituent of mine, together with resolutions from the grange of which he is master.

Mr. SNELL. Mr. Chairman, I am sorry, but I shall refuse unanimous consent except to the gentleman revising and extending his own remarks.

Mr. MAVERICK. Mr. Chairman, reserving the right to object, several Members have asked permission to extend their remarks, and I have asked myself if it was on the Frazier-Lemke bill and did not object when it was. In other words, I thought this battle was just on the basis of matter extraneous to what we are debating.

Mr. SNELL. Mr. Chairman, if the gentleman's question is addressed to me, I will say there is no argument about any question. If we cannot be protected in correcting the RECORD when it is false, nothing except what goes on on the floor and the usual revision and extension of a Member's own remarks will go into the RECORD by unanimous consent.

Mr. MAVERICK. The gentleman will remember that he objected.

Mr. SNELL. I do not remember anything.

Mr. MAVERICK. That he objected to a unanimous-consent request to correct the RECORD. The gentleman himself objected to that.

Mr. SNELL. No; I did not. I objected to outside matter going in, not to the gentleman revising and extending his own language.

Mr. PIERCE. Then, Mr. Chairman, I ask unanimous consent to revise and extend my own remarks.

The CHAIRMAN. Is there objection to the gentleman revising and extending his own remarks?

There was no objection.

Mr. PIERCE. Mr. Chairman, I listened with interest to our historian friend, the gentleman from New York [Mr. REED]. There is a clear-cut answer. I have read it; I have taught it in school; and I hope somebody who is going to speak tomorrow will take occasion to prepare himself and express it in the words in which it has been expressed by brilliant men who have handled this very subject.

Recently my friend, the gentleman from Colorado, and I were talking to a man high in authority in the Government, and he said to us that for every \$100 in currency outstanding in the United States there is today \$130 in gold to redeem it in the Treasury, making of it the strongest currency in the world.

What does this bill do? This bill simply calls for the issuance of money that we provided for, months ago, in 1933, when in the act we passed we provided that the President could issue, through the authority he was granted, three thousand millions of currency; and, if it is issued and the bill is amended as the author intends to amend it, there will be 100-percent backing in gold against all currency outstanding. Then where is the inflation?

The forced consideration of the Frazier-Lemke refinancing bill marks an epoch in the legislative procedure of the Congress of the United States. A bill openly and bitterly opposed by certain groups in both parties is by a petition of 218 Members brought before the House for open discussion and final disposition. From my point of view, this is a proper procedure under representative government.

The Frazier-Lemke refinancing bill—H. R. 2066—now under consideration, is drawn to give the farmers of the United States the opportunity to refinance their farm-mortgage indebtedness. It states in section 1 that it shall be known as "The Farmers' Farm Relief Act." The bill creates an elective national board of agriculture representative of the borrowing farmers of each State. This board will control the administration of the law, cooperating with the Farm Credit Administration and the Federal Reserve Board. The bill provides that the farmer may have his farm appraised for refinancing, and money will be provided at an annual interest rate of 1½ percent, with an additional annual amortization or payment on principal of 1½ percent.

Under the original bill, a loan for the full appraised value was to be granted, but proposed amendment agreed upon by friends of the bill will somewhat reduce the amount. It is provided that bonds to finance the loans shall be offered at 1½-percent interest. These bonds will probably not be sold to the public but will be held in the Treasury because of the low-interest rate, then currency may be issued to the amount of \$3,000,000,000, backed by the farm lands, the faith and credit of the United States, and pledge of the gold in the Treasury. The total amount of lending for mortgage refinancing under this bill is limited to \$3,000,000,000.

The farmers of Oregon are earnestly demanding the passage of this bill so that they may be able to save their homes. I shall vote for the bill for several reasons which I desire to discuss with some care because of the importance of the proposed plan in its permanent influence on our farm-credit system.

#### FARM CREDIT AGENCIES

This administration, when it came into power in 1933, found many agencies of Government undertaking to extend credit to the farmers—the land banks, the cooperative banks, and the intermediate credit banks. In 1933, the crop-production associations were inaugurated and the entire farm-credit system was welded together under the Farm Credit Administration. Interest rates were reduced, loans provided for cooperatives, land bank commissioner's loans on second mortgages were added, to an amount of 75 percent of appraised value. We have made distinct progress through legislation, but many of the benefits hoped for through this legislation have been nullified by administrative interpretations. It was, no doubt, the intention of Congress that the borrowers should control the operation of the Federal land banks, but this has not transpired. A governor, not provided for in the original act but included in the administrative set-up, is now sanctioned by law. Rules and regulations now adopted have entirely changed the temper of the act which was originally supposed to allow the farmers to manage their own institution, for which they had provided the capital. It should never be forgotten that the farmer has no other source of credit. I know that the claim is made that life-insurance companies are again in the field, but their loans are so few and far between and so conservative that they are of practically no value in solving the problem of farm credit.

The Farm Credit Administration gives a great array of figures showing the large amounts loaned, but I judge it cannot be doing more than 10 percent of the business in farm

mortgages that was done in 1926, 10 years ago, when private lending agencies were really in the field and doing business. In other words, the Farm Credit Administration, by its extreme conservatism, has done much to depress farm values and build up the urgent demand for this bill, now pending.

I repeat, this bill is a protest against the restrictive and overconservative methods of the Farm Credit Administration which has not fulfilled our expectations in providing for agriculture the money necessary to prevent wholesale foreclosures. I am well aware of the fact that the success or failure of the Farm Credit Administration is dependent on commodity prices. If there is to be no advance in commodity prices, then many of the mortgages that have already been made, since 1929 as well as prior to that date, will be foreclosed by reason of the fact that the farmer, regardless of all the sacrifices he may make, will not be able to earn enough to pay the interest and amortization to keep his loan with the Farm Credit Administration in good standing. Foreclosure, in thousands of cases, must necessarily follow.

#### FARM INTEREST RATES TOO HIGH

The breathing spell mercifully provided by the Seventy-third Congress in remitting the semiannual payments on principal to the Federal land banks has indeed been a life-saver. It is possible this must be further extended or adjusted if farm prices do not come back. The reduction of interest on Government farm loans, under this administration, to 3½ percent was also a blessing. The farmer has, however, never been able to understand why his basic industry was originally, and is now partially, indirectly financed by borrowed money—bonds privately owned—necessitating interest rates vastly higher than those granted on Government funds lent other industries, financially more hazardous. He knows these other more-favored borrowers of public funds were privileged solely because of the power to demand and to coerce governmental bodies, legislative and administrative. We must have a more satisfactory farm-credit system and a more democratic organization worked out before the day of reckoning comes for payment of principal. This bill is offered to meet that emergency.

The farmer reads about ship subsidies, loans to banks, favors to railways, legislation to bail out mortgage companies under the guise of benefactions to home owners, Government-financed housing programs for the industries, and cheap money for great utility concerns. He becomes cynical and bitter when he reflects upon the tight-fisted governmental agencies through which he is financed. Screws are turned on the farmers, and their interest rates are higher, because they have not yet organized to speak loudly and firmly. The time is not far distant when they will organize and speak in a voice that will be heard across the country. It may be as a political party and it may be as an economic unit, but we shall then be wise to refrain from suggesting compromises.

I am for this bill because it is so decidedly advanced on the matter of interest. In future years when some economic student records the doings of this period, undoubtedly that historian will give high interest rates, far beyond the ability of the people to pay, as one of the principal causes of the crash of 1929 and the heart-rending incidents that have followed in its wake. Many times in the well of this House and on platforms in the Pacific Northwest I have denounced high interest rates as one of the major causes of the great break in our prosperity. I have announced, time and again, my belief that interest on money should never be higher than the increase of wealth when measured through a series of years, which would be from 1½ to 2 percent annually. The 1½-percent annual interest added to the 1½-percent amortization provided in the pending bill makes an annual charge of 3 percent for the use of money. This is all the producers of the foods and fibers of America can afford to pay, possibly more than they can or should pay. One of the lasting benefits of this legislation will be permanently lower interest rates for farmers.

I have always doubted the wisdom of compelling the borrower to guarantee his neighbor's mortgages to the amount of 5 percent of a loan as now required. I am well aware of the fact that the managers of the Farm Credit Administration believe this forces cooperation among the agricultural communities, and helps to hold down fraud and collusion. I think it has just the opposite effect. The borrower, in most cases bids goodbye to the 5 percent taken out of his loan and feels that it is higher interest taken from him by the Government just as heartlessly as extra commissions were taken from him by private lending companies a few years ago.

#### FARM APPRAISALS UNFAIR

In recent months the Farm Credit Administration from coast to coast has adopted rules and methods of valuation, undoubtedly coming from headquarters in Washington, of such restrictive nature that it is practically impossible for many farmers to refinance themselves through the Federal land banks.

In the Pacific Northwest we never were affected by the extremely high price of agricultural lands which prevailed during the boom period in the Middle West, so we did not have to write off inflated valuations. There was an advance, but nothing comparable to the advance in states like Iowa and Illinois. In the extreme height of the boom in 1929, the very peak of prices on the best of farming lands was about \$200 an acre. This has since fallen until, if the lands can be sold at all, the average price will not exceed \$75 an acre.

When the Farm Credit Administration, through its appraisers, applies the yardstick which has undoubtedly been supplied from Washington, the values of these lands are forced down to, perhaps, \$50 an acre, and a first loan of \$25 is all that is granted. Then the Commissioner's second-mortgage additional loan, provided by the Seventy-third Congress, at 75 percent of the appraised value, would, perhaps, bring the loan up to about one-half of what the land would sell for, if a purchaser could be found. In other words, the Federal land bank, through its administrative methods, has practically nullified the law of Congress granting the commissioner's loan up to an amount of 75 percent of the appraised value. This is one cause for the agitation which has accentuated the demand for the passage of this Frazier-Lemke bill.

The Federal land bank has been generally administered, throughout the Nation, by men who lost their all in some banking crash, and perhaps in their earlier business ventures they were unduly optimistic. They are now certainly unduly pessimistic. They are thoroughly imbued with the bankers' viewpoint and generally look upon the farmer who seeks credit as a failure and a business incompetent. Most of them are, by political and economic faith, opposed to the present administration. Again I repeat that the administration of the Federal land banks and the attitude of its employees has had more to do in bringing about the strong agrarian movement in favor of the pending bill than any other one thing.

#### MORTGAGED FARMS

It has recently been stated in this House that farms are being foreclosed today at the rate of 20,000 a month. If present conditions continue, foreclosures will be wholesale and farmers will generally be trespassers on the very land their energy, skill, and labor has made fit for human habitation. It is still an open question, even if this bill becomes a law, whether the steady march of the farming people toward peasantry can be stopped. This bill and other laws must be passed soon in order to assure reasonable prices for farm products and to avert serious trouble.

I know that it is published and asserted and reasserted that only a very small percentage of the farms of America are mortgaged. I have seen statements that only 25 percent are under mortgage. It is now stated on this floor that 66 percent of all farms are not mortgaged. I do not know where the authors of such statements get their figures. Perhaps they count as a farm every acre of garden patch

throughout the entire country. I do know that in the real agricultural West and Middle West, nearer 90 percent of all farms are mortgaged, and in many sections the percentage is close to 100.

#### MONEY AND THE MEASURE OF VALUE

Now we come to the real heart of the matter and the reason for the outcry against this bill. Some of our friends fear the subject of money as politically dangerous. Others cry "inflation", because they have no understanding of the subject or because they are not willing to go along on the program for adequate and satisfactory farm credit. Privileges which have been accorded industry and have made it powerful and dictatorial and dangerous must not be extended to farmers, so they think. I grant that some honestly interested in justice to agriculture fear this proposed legislation, and I address myself to this group in an effort to assuage their fears and dispel their illusions.

To one who believes as I believe that the management of money and credit had much to do with the crash of 1929, the bill is most welcome, because it does bring into the campaign of 1936 the subject of money. I welcome the discussion. Until we go before our people facing openly and unafraid our major problems of money, unemployment, and concentration of wealth, we cannot ask for the allegiance of those who understand our critical situation and realize the imperative need for remedial legislation. Yes; it may be experimental, as science and economics are alike, dependent upon experiment for advancement. Such legislation must be based on research and experiment, supplemented by the determination to use all our governmental powers for betterment of our economic and social conditions.

In our intellectual progress we have delved deep into the secrets of Nature; we have invented machines which extend and increase all our natural faculties. We are enjoying the arts of civilization. We are happy in comforts and conveniences far exceeding those of the preceding generations. What a pity that we have failed, miserably failed, to divide, with any degree of equity, the products and rewards of human toil! I think it is largely owing to the control of the medium of exchange, money and credit. We cannot revert to the days of barter and maintain any degree of our marvelous civilization. I have been amazed, during the past few years, at the quick return to barter and exchange. We cannot contemplate a longer period of such procedure.

The farmer must have some more equitable and stable measure of the value of the things he produces and takes to market. There must be some just and assured system by which those products may be exchanged for the finished products of the factory which he must have for his own satisfaction as well as for the prosperity of the manufacturer. We have not yet offered a solution of this difficult problem. The Brookings Institution has made a real contribution in its series of studies, which set forth the situation and clearly propound the questions, but afford no sufficient answer. Our legislative bodies are groping in the dark passages of ignorance, tradition, and prejudice. Is the answer to be found in the commodity dollar with its varying value based upon the rise or fall in the prices of a certain number of commodities? This may be the solution. We cannot cast it aside. We must consider it. Is it to be sought under continuation of the present system of a managed currency? If so, what group is to be the powerful manager?

#### ADDITIONAL CURRENCY ALREADY AUTHORIZED

Our opponents say that this bill is highly inflationary. Did those who are so vehemently using that argument today, use the same argument when, in 1933, the Seventy-third Congress provided by law that the President might issue the same amount of currency, three billions, as provided in this act? Did those men who voted for that measure know that the President would allow that law to remain upon the statute books unused? Those who voted for the measure might never have been called upon to consider the Frazier-Lemke bill if the currency had been issued.

I am for this bill because it will bring into existence and circulation those three billions in currency authorized by congressional action many months ago, and based on the faith and credit of this Government. We now know that we have, in fact, an ample gold base for such an issue. If the farmers are given the chance this bill provides, that money will go into circulation. It will be used to buy the products of industry, and then those who work in factories and industries will be able to buy the products of the farm. The natural tendency will be to raise commodity prices. The issuance of more money is not the only thing necessary to increase commodity prices, but it is one of the contributing factors toward higher price levels. Do I hear you ask, what is the use of higher prices for everyone? Well, if you put a mortgage on your place you will certainly pay it more easily if you get more dollars for your products. I admit that the benefits will accrue chiefly to the debtor, whose debt was incurred before the crash. His load of debt has ever since been one of the main obstacles to farm recovery. This bill is reflationary. It will help to bring back normal prices, prices that will enable the farmer again to buy products of the factory, thus helping labor. I find progressive labor leaders in this House and elsewhere supporting the bill because they believe that what helps farmers will help them, and they desire to continue cooperation with the farm world. He will be able again to pay interest and taxes, and to take his proper and dignified position as a self-respecting, independent producer.

#### SILVER LEGISLATION AND HIGHER PRICES

I want higher prices for farm commodities not only in the United States but in the world's markets. When a cargo of wheat is sold in one of the world's markets, it is paid for in ounces of gold, or if sold in a silver-using country, then in ounces of silver. I believe that if the Government were, by law, to give to anyone the privilege of bringing silver bars to the United States Treasury to be coined into dollars at a ratio not greater than 16 to 1 as measured in gold, or, better still, to deposit the silver in the Treasury and have issued against it silver certificates, it would undoubtedly raise the price of silver. One of the causes of the agitation for this bill is low prices of farm commodities in foreign as well as in domestic markets. It seems reasonable to conclude that real silver legislation might have forestalled the movement for this bill.

#### SOUND MONEY

This administration deserves our commendation for many epoch-making achievements. In the economic field, I give first place to the courage with which it faced nullification of the gold clause in contracts, and the reduction of the number of grains in the gold dollar. This, undoubtedly, has been one of the real factors in the increase of commodity prices. Yes; bankers may strive to dictate otherwise, and editorial sanctums may ring with denunciations, but nothing can keep the money question out of this coming campaign of 1936.

We hear much about "sound money", and so far we have failed to get any understandable definition of the phrase. "Sound money" sounds well; it appeals to the ear, and undoubtedly has some effect upon the unthinking. Suppose the Government should retire one-half of the money outstanding today, what effect would it have? Do you think the channels of business would be full to overflowing? Do we not all know that stagnation would follow? Some of my good friends across the aisle say, "You want inflation." That is the bugaboo that is raised to scare the uninformed and the timid.

Someone will say, "Do you want to go like Germany and issue money in such quantity that it has no value, that it will take a million dollars to buy a dinner?" Nobody wants to follow that road. It is a well-known fact, and it will be admitted by all in a few years, that Germany deliberately and intentionally, with malice aforethought, issued untold quantities of paper money and ruined the value of her

currency, thereby wiping out much of her debt. Germany, through sale of her marks, took millions upon millions of ounces of gold out of other countries, including the United States, vastly increasing her own real wealth. Then Germany issued another kind of currency based on gold in limited quantities with an inadequate base. Germany has recovered from the disaster she suffered in the Argonne in 1918, rearmed, and is again a menace to world peace. No such speedy economic revival is to be found anywhere in history. We are not proposing the German method. We have an adequate gold base and a totally different economic and political situation. It is not fair nor intelligent nor honest to try to brand this bill with the German label.

Someone else says, "You have heard of the Continental money of the American Revolution. Do you want to issue paper money in such quantities as will call forth again the expression, 'not worth a continental'?" What else could our fathers have done in the dark days of the Revolution? No gold nor silver was obtainable. They had to have money of some kind with which to pay the soldiers so they might provide the necessities of life for their dependents. It was simply one of the devices used to win independence. Then came the Civil War and the issuance of Confederate money. What else could the South do? They were making a life-and-death struggle. They had no gold and silver, and could get none to pay their soldiers and buy munitions of war. They staked their all on the fate of battle, and lost. Such citations are not conclusive proof, by any means, that the banker group of the Atlantic border should continue to dominate the financial affairs of the National Government to the detriment of our farming population.

#### THE GOLD BASE

Our opponents ask, "What is behind this currency?" I reply, "The farmers' farms, the faith in the credit of the Federal Government and the gold buried in our Treasury." There is a far larger percentage of gold on deposit in the Treasury of the United States than is to be found in the vaults of any other country, larger in total and in ratio to the currency. The United States owns and has in its vaults almost one-half of the monetary gold of the world. I believe that the theory that all currency should have a metal base of gold or silver makes a fetish of metals. It is true that our ancestors have had, for countless generations, great veneration for gold and silver, and this has become imbedded in our thought. We shall shed it in time, but it will take time and economic leadership. Millions have believed and still naively believe that there is intrinsic value in gold and silver, and that they were especially designed by the Creator for use as money.

Long centuries ago when our ancestors first commenced to exchange the products of their labors they bartered; then gold and silver were used as one measure of the value of the ox sold or the slave purchased, and gradually came to be the only measures of value, or the constant medium of exchange. Those people who possessed large quantities of these precious metals had an advantage which gave them a commanding place in the world. The search for precious metals became the incentive which sent men forth on uncharted seas and opened up geographic knowledge of the earth. Gold and silver still play the leading part in commerce. The gold ounce is still the measure of the balance in the world's trade.

The careful student of history will find many times when prosperity was achieved without the help of the precious metals. Generally speaking, when gold and silver have come in quantity from Mother Earth, and have been poured into the channels of business, there has been a revival of prosperity, and when these metals have disappeared from circulation or gone into hiding or have been accumulated in a few hands man has retrograded in the arts of civilization. Our fathers could clearly recall the impetus toward material progress by reason of the discovery of gold in California and Australia 87 years ago. Many on this floor are old enough to remember the difficult financial days of 1893 and 1894. We who were then active know that a new and pros-

perous period dawned when out of South Africa came the tons of gold which went into the channels of business. Then from the frozen North came more gold found by the boys who climbed the Chilkoot Pass in the dreary days of 1898.

For many years legal money has, in most countries of our western civilization, been limited to gold through legislative act. The gold of the world was quadrupled from 1890 to 1898 and doubled again before the World War broke out in central Europe. In the light of these historic facts, it is no wonder that a great number of the American people still believe in metal money and are enchanted by the luster and glamour of gold and silver. I cannot think that civilization would disappear from the earth if gold and silver were to come in such quantities that they would be as cheap as wood or coal or if they were to disappear altogether.

Gold and silver are valuable in the arts and sciences and convenient as mediums of exchange, but that they are the nucleus of civilization is pure fiction. Being somewhat of a realist, I think it better to deal with this frailty of belief as we find it, rather than to attempt to disregard age-old traditions. Hence, I welcome the proposed amendment to this bill which provides that a gold reserve may be created in the Treasury for a substantial percentage of all currency issued under its terms. This gold is to be a security in addition to the mortgaged farms and the faith and credit of the Government of the United States.

According to its May 6 statement, there is in the United States Treasury \$10,248,949,352 in gold. This same statement gives \$4,467,568,907 as the amount of outstanding currency issued against the gold base, only a relatively small portion of which is earmarked for other purposes.

It was admitted to me by high authority a year ago that there was in the Treasury \$130 in gold to redeem every \$100 in currency outstanding. If that was true a year ago, and I have every reason to believe it was underestimated, the amount of gold and silver in the Treasury to redeem every outstanding hundred dollars in currency is nearly \$200 today. The law requires a 40-percent base for the issuance of currency. In the light of this, why is it necessary to carry 130 or 200 percent, or whatever it may be? By all who know anything about it, it is admitted that there is more free gold in the Treasury than there is currency outstanding. Suppose a great gold strike should come, and tons of gold should come from Mother Earth. Ever in the past such an influx of money has meant prosperity, business, happiness. Under the present arrangement that stream of the yellow metal would simply move into the vaults in Kentucky, into the ground from which it came, and would have no appreciable effect upon prices or upon business. I think a fair analysis of the daily statement of the United States Treasury shows that if this entire currency issue of three billions is issued and loaned to farmers, as provided under the terms of this bill, there will still be hundred-percent backing or base against every dollar of currency outstanding. How, then, can it justly be called "phoney money" or unjustifiable inflation?

#### WORLD TRADE

Many on this side of the aisle approve the efforts of our Secretary of State to revive world trade, but we bitterly resent his often-repeated sacrifices of agricultural prices to promote the foreign sale of the products of industry. We of the Pacific Northwest deeply regret that he found it necessary to reduce the duty upon the importation of lumber, cattle, and grain from our neighbor on the north for the benefit of the automobile manufacturers in Detroit. Many who voted for the reciprocal tariff which placed in his hands this great power will refuse to vote to continue that power if the desire to promote amity and friendship with foreign countries leads to the sacrifice of the man behind the plow. He should not be called upon to bear all the burden of trade revival. If national isolation must come—and many believe it is inevitable, though deplorable—we must prepare ourselves to bar from our land everything we can produce here and reserve American markets for American industry, and agriculture as well. Prices paid for farm products must be

such as to leave not only the cost of production but a fair margin of profit. If the days of isolation must come, the only solution will be along the lines of the pending bill.

FARM-RELIEF LEGISLATION

The majority of the farmers of America are ready to admit that the Triple A worked marvelous results, especially for the larger farmers. These same farmers have great hope that the present temporary law for soil conservation will prove beneficial. We must supplement it with further credit legislation as embodied in this bill, and we must particularly care for the small farmer. The thinking and the observing farmers realize full well that our agricultural problems are not yet solved. They know that if America is forced to give up its foreign markets for surplus agricultural products, drastic forms of production control must come in some form. It has been constantly reiterated that agriculture is basic. Those who face the storms and perform the labor, those who raise the foods and the fibers, have a right to try this method of refinancing their debts, especially in the face of the partial failure of other methods. Should this measure be defeated, there will be such a storm of protests and discontent that I fear attempts in some places to set aside the due and regular processes of the law. Disheartened, discouraged, and financially wrecked farmers, having lost confidence in government, may lose self-control. The banking group of the Atlantic border, which has reigned supreme here in Washington since the days of the War between the States, should not forget that organization and methods of communication are so highly perfected that people cannot now be kept in ignorance of the facts about their public affairs. The banking and financial world of America must take its choice between increased commodity prices or wholesale repudiation of debts and final bankruptcy, not only for farm but factory as well.

WILL HELP END UNEMPLOYMENT

No thoughtful person can view with complacency the present desperate situation of our country in regard to unemployment. Times are better for thousands and millions, but there has not been the expected decrease in the unending line of the unemployed. There has been practically no decrease in the immense sums that must daily flow from the Federal Treasury to feed the hungry and clothe the unfortunate. Every effort has been made to solve this major problem, and it has been faced with sympathy and courage, but it still baffles us. This legislation will keep thousands upon thousands from the dreaded breadline. It will afford opportunity for thousands to return to farm life. It will, many of us believe, be the forerunner of a degree of prosperity and advancement in the agricultural communities that will stimulate the entire Nation.

WILL RESTORE FARM CONFIDENCE

This bill is the spearhead of the rise of the agrarian West against the dominating and governing banker group of the Atlantic border. In this bill is wrapped up the hopes and ambitions of thousands of broken, despondent people. Its passage by this Congress and its enforcement will be the opening of a new era in the affairs of America. No one who has not had the experience can realize the despair and hopelessness of the farmer and his family when the service of summons and complaint is made by the mortgagee. It means taking his home as well as his business and setting his family out on the highroad—all because of conditions over which he has no control. The conditions imposed upon him made it impossible for him to gather a sufficient number of bushels of wheat, pounds of pork, or whatever products he may have, to buy in the markets of the world the necessary number of ounces of gold or silver or their equivalent, with which to pay the annual debt of interest and principal. His life has been blighted by debt and that fateful heartless mortgage—a word made from two Latin words, “mort” meaning death and “gage” meaning grip.

This is not the first fight the farmer has made, nor will it be his last battle. Some of us were on the firing line

during the prolonged struggle to shift a part of the tax burden from real property to incomes. Our adversaries were the same groups now denouncing this legislation. Before long the farmer will center his attention on the matter of farm machinery. He is now demanding the facts regarding the relative price movements of farm machinery and farm products since 1914. He wants to know about the concentration of control of the manufacture and distribution of such machinery and equipment.

As a Representative and a farmer acquainted with the life and struggles of farmers, I ask for your votes in support of this measure. In a certain sense it may be revolutionary; in another it is simply putting into effect the law we have already upon our statute books. Much has been done for farmers by this administration. Something more must be done to make the life of the American farmer more tolerable. He must have more opportunity to enjoy “the durable satisfaction of life.” He must find it possible to realize some of his aspirations. He is entitled to security and stability in his important work. He demands it. He will see that he gets it.

Those who refuse to support this bill must accept the responsibility of a substitute satisfactory to the farming world. No such substitute has been offered. This bill cannot safely be rejected with indifference as to the result.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, no measure has been before Congress in years which has had such strong support among the people of Wisconsin, and the Northwest in general, as the Frazier-Lemke bill. The interest in the bill, and the demand for its passage, due to conditions which compel the people of that section to ask for this form of national legislation. The demand for it has not been confined to farmers alone, nor has its support been given only by the Farmers Union, the Grange, the Farm Federation, and other farm organizations. County boards in many counties of our State, commercial organizations, and city councils have united in asking for the legislation. The Wisconsin Federation of Labor is heartily back of those demands.

The Federal Government has been extremely liberal in extending credit facilities to the railways, banks, trust and insurance companies, and even to large industrial organizations which have borrowed liberally from the Federal Treasury through the R. F. C. to enlarge their plants and equipment, and to build new industries. The amount which has been loaned to these agencies is far in excess of the total farm debt.

When it comes to the farm-mortgage situation, however, its activities have been limited to less than two billions of dollars of land-bank credit. Local banks, because of strict Government regulations, have been denied the opportunity of easing the farm-mortgage situation. In the past few weeks, foreclosures have been proceeding at the rate of 2,000 per week. About one-fourth, or 500 foreclosures per week, have been brought by the Federal land banks, which have been extremely arbitrary in the making of loans, even more arbitrary in the extension of loans, and have set an example of hard-boiled attitude as to farm borrowing.

At the rate we are proceeding in this calendar year, over 100,000 farm mortgages will be in the process of foreclosure. Within another year 100,000 farmers, or approximately 500,000 farm people, will have been evicted from the title to their lands. In other words, within a year the country faces the possible eviction of more people from their farm homes than now reside in the entire city of Washington.

Much has been said about the continually increasing number of unemployed and the number on the relief rolls. No Government agency, however, has undertaken to ascertain how many have been driven from farms already foreclosed. Even in the plans of the Resettlement Administration for the rehabilitation of farmers on marginal lands, options are being taken on the lands which have been sold under foreclosure to provide new homes for those desiring

rehabilitation, and many will be purchased for that purpose. In every such instance they are driving another farmer from his farm and home into the ranks of the unemployed.

The Government has been extremely liberal in the extension of foreign credit. Over \$12,000,000,000 are due our Treasury from foreign governments for war debts, and no attempt whatsoever is being made to enforce collection of the principal or even the interest on those loans. Many of those loans were made at a lower rate of interest than is provided in the Frazier-Lemke bill. Over a million dollars a day of American taxpayers' money is being put into the Treasury because of the interest on debts which the European nations owe us. In fact, that portion of our national debt represented in the European war loans calls on the taxpayers of this country for an annual interest charge nearly as great as the interest on all the farm-mortgage loans. There is no attempt being made of compelling those nations which are spending billions for new armaments and ostensibly forcing our Government to spend its billions for the same purpose, to pay their indebtedness to us.

Objections are made to various features of the Frazier-Lemke bill. Those who are the objectors, however, fail to offer any other plan of refinancing the farm-mortgage indebtedness and saving the farms to our farmers. Their objections are to extending the Government credit to farmers while continuing to extend it to foreign countries and to our own commercial and industrial organizations. In other words, the Government which spends billions for the relief of many of those hard pressed by the depression, closes the door in the face of the farmers who are pleading for an opportunity to retain their farms, lessen the depression, and help bring back a period of prosperity.

Unless the Frazier-Lemke farm refinancing bill shall be passed at this session, there will be no measure passed. The acute condition which exists in the northwest sections of our country will grow even worse. The land banks of this country in the past 2 years have advanced \$57,000,000 to pay the local taxes on farms on which they hold mortgages. The Federal land banks now hold thousands upon thousands of farms which they have obtained by foreclosure proceedings, and they are continuing to add to that number.

This situation is due not only to the depression, nor to the dry years culminating in the drought of 1934. Farmers long have been forced to compete in the markets of their own country with foreign farm products, which in the past 4 years has caused our country to send to foreign farmers for farm products more billions than are asked for in this farm-refinancing plan as contained in the Frazier-Lemke bill. Continuing to sacrifice their markets by tariffs too low for proper protection, the negotiation of reciprocal-trade treaties, which further limit our domestic markets for our own producers, and many other policies, have resulted in conditions back of the demands for the passage of the Frazier-Lemke bill. If it fails to pass, these conditions will grow so much worse that a greater agricultural problem than we now have will face future Congresses and the Nation.

I have worked earnestly from the beginning of this Congress for the enactment of this legislation. I shall vote for it, and shall continue to work for it, with the hope that Congress will not turn a deaf ear to the millions of farmers and millions of other rural people who are being driven to the wall through no fault of their own. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield 7 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, there may be some gentlemen farmers in this House who own farms and someone else does the farming for them, who may be against this bill, but I challenge the membership of the House to show me one single man who has been on a farm, who has done the farming himself, who has had to do his own plowing, his own planting, his harvesting, and his selling, who is against this bill. Show me one.

Mr. FADDIS. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Pennsylvania.

Mr. FADDIS. I am one.

Mr. BLANTON. The gentleman quit the farm, did he not? He found out he could not make a living there.

Mr. KLEBERG rose.

Mr. MAY. And here is another one.

Mr. BLANTON. Every few years the farmer who has to get his living out of the ground found some money lender was taking a part of his acreage away from him under a mortgage. He had to quit and get out and come to Congress in order to make a living. [Applause.]

Mr. Chairman, I have seen on a farm. I have seen just as fine a young crop of cotton as you ever saw, a crop that promised a yield of a bale per acre, and then the drought or the boll weevils or the bollworm came along and there would not be a pound to the acre. I have seen a fine crop of corn that promised a yield of 60 bushels to the acre. You could ride down the corn row on a big horse and it would be above your head. The first thing you knew the grasshoppers came along and ate it all up and you would not get a bushel to the acre. I have seen fine fields of wheat and oats. Rust would come in or a storm would come along and there would not be a bushel to the acre. The farmer of the country has more natural enemies than any other person who has to make his living. The farmer has to suffer the drought. He has to suffer too much rain. He has to contend with early frost. He has to contend with this enemy and with that enemy, and when he appeals to Congress the cry is "inflation."

Are you fellows over here who are against this bill, who helped to vote for the law that gave Charley Dawes the right to borrow \$90,000,000 for one bank, and the money has not been paid back yet, afraid of inflation? Why were you not afraid of inflation when you did that for Charley Dawes and other big bankers of the country? You are much afraid now.

Mr. Chairman, I want to do something for the farmers of this country. For 50 years I have seen them growing poorer and poorer. I have seen them forced to give up their farms. I have seen the money lenders take the acreage away from them. The time has come when we should do something for the farmers, and I am going to give them my vote on this bill. I do not care what it costs me in my district. [Laughter and applause.]

Mr. Chairman, the Agricultural Committee is one of the responsible committees of the House. Some of the leading Members of the House form this committee. What are we going to do about this bill when a committee like the Agricultural Committee votes for a bill, reports it out, and puts it on the calendar? Has my distinguished colleague from Texas, the head of the committee, filed any minority report against this bill? No. I have been looking for it. There is not a minority report filed against it. If it is a bad bill, I look to him as my leader on the Agricultural Committee to tell me what is the matter with it. He should tell me in a minority report if it is a bad bill. Then I shall follow him, but he has not done this, and I am following his committee that has reported out this bill and put it on the calendar, and I was not afraid to sign that petition, although they told me the bill did not come from a Democrat. It did come from a distinguished former attorney general of his State. [Applause], and whether it came from our side or not, it comes from a proper source. It has the proper stamp of approval on it. It has the stamp of the Democratic Committee on Agriculture of this House, and I am going to vote for it, Governor, just like you are.

Mr. PIERCE. Good for you.

Mr. BLANTON. And we are going to help to pass it, and we are going to tell agriculture we are behind them.

Look at this. Here is a letter I have just traced, received from the Treasury Department—the Bureau of Customs—

which tells me that on the steamship *American Legion* that arrived in port March 12, 1936, from the Argentine they brought 74,040 cases of canned beef.

From the Argentine—to compete with the beef that is raised in my district. Oh, I saw thousands of good calves in west Texas—up in the Amarillo country and in the Abilene country—taken out and shot; and they would not even let the poor people eat them. Henry Wallace shot them, and now he is permitting 74,000 cases of canned beef on one little boat to come in here from the Argentine. It ought to stop. We ought to protect the farming interests of this country better than that. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I ask unanimous consent that every Member who has spoken on this bill today may have permission to revise and extend his remarks, and also that I may extend my own remarks, including therein the amendments that the steering committee has approved so that the Members may know the amendments that are going to be offered to the bill.

The CHAIRMAN. The Chair is advised that a request of such a general character is usually made in the House.

Mr. LEMKE. Then, Mr. Chairman, I ask unanimous consent to extend my remarks and include therein the amendments I referred to in my remarks this morning during general debate.

Mr. MAVERICK. Mr. Chairman, reserving the right to object, if any similar objections are going to be made on the other side I shall object to this request, too.

Mr. BOILEAU. These are the remarks of the gentleman himself setting forth the amendments he has prepared and which he expects to offer to the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. LEMKE. 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. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H. R. 2066) 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, had come to no resolution thereon.

#### EXTENSION OF REMARKS—FRAZIER-LEMKE BILL

WHO RUNS THE COUNTRY—THE BANKERS OR THE PEOPLE?—BY THEIR VOTES YOU SHALL KNOW THEM

Mr. HOEPPEL. Mr. Speaker, my experience and observation in the Congress has but confirmed the views that I had before I became a Member; that is, that the bankers of the United States have more influence in the Congress than do the people themselves.

I left the Republican Party in 1932 because I considered that there was more promise for the people in the Democratic Party than in the Republican Party under the leadership of the "old guard." I stood beside Mayor LaGuardia, of New York, and only a short distance behind the President, on March 4, 1933, when he delivered his inaugural address, in which he promised to drive the money changers from the temple. Mr. LaGuardia, a Republican and former Member of Congress, appeared to be as enthusiastic as I in reference to the pronouncements of the President, and I am satisfied that millions of our citizens felt the same as we did—that here, at last, we had a President who represented the people and who would drive the money changers from the temple.

I cannot speak for these millions or for Mr. LaGuardia, but I can speak for myself, and I believe that I reflect the views of many of my fellow citizens when I state that in my opinion not only have we failed to drive the money changers from the temple but they are now more firmly established in the halls of finance than ever before, and thus far absolutely

no effort has been made to prevent them from continuing their trespassing on the rights of the people and their usurpation of the constitutional prerogative of the Congress to coin money and regulate the value thereof. People throughout the land are asking themselves this question: What keeps the money changers in the temple? The answer is simple—money changers. The international banker and his fellows are still working at the same old game, exchanging money for propaganda to perpetuate the system which permits them to exact their pound of flesh from our distressed citizens, home owners, and farmers.

#### THE THREE P'S OF THE POLITICIANS—PARTISANSHIP, PATRONAGE, AND THE PUBLIC

Many officeholders appear to be actuated primarily by partisan considerations. They are influenced, if not actually controlled by patronage, and although they profess to have a sincere interest in the public, they appear to conveniently overlook that interest when it comes to a question of an issue between the people and the bankers.

We read a great deal about the Magna Carta of personal liberty. I am hopeful that before this session of Congress concludes we may give to the people a magna carta of financial and monetary liberty so that our Nation may go forward under the Constitution and in the observance of every provision thereof.

#### LET THE PEOPLE DECIDE

The vote on the Frazier-Lemke bill will show to the world the Members of Congress who are interested in the people and it will show just as decisively the Members who feel that the private, international banker should control the finances of our Nation. We might well reorganize our political parties, separating the sheep from the goats on the basis of their vote on this important measure, undeniably in the people's interest, which has been held up in the Congress for the past four sessions, and which comes to us now for a vote only after a determined battle on the part of the distinguished gentleman from North Dakota [Mr. LEMKE] and those of us who have cooperated with him. We shall soon know whether the controlling vote of the Congress represents the voice of the people or the voice of the money power.

If the Frazier-Lemke bill carries in the House, I advocate the circulation of a resolution, which I will be pleased to head, pledging the signatories to hold Congress in session until the Frazier-Lemke bill has been acted upon by the Senate, and if passed by the Congress, until it has been acted upon by the President, so that there will be no danger that after passage by the Congress it will die aborning in a pocket veto. In my opinion, this is an issue of the people versus the bankers, and as a Democrat who left the Republican Party because, under the "old guard", it had sold out to Wall Street, I hope that my own party, the Democratic Party, will show itself today in the Congress to be the champion of the people's cause against the selfish interest of the financial power, and that the faith which the people have in us may thus be confirmed and strengthened.

#### WHO IS RESPONSIBLE FOR THE CONTINUED ISSUANCE OF TAX-EXEMPT BONDS?

I was present on the floor of the Congress and witnessed a battle there between the chairman of the Committee on Banking and Currency and the chairman of the Committee on the Judiciary in which both were clamoring for jurisdiction of a bill which had been proposed to abolish tax-exempt bonds. The Committee on the Judiciary was given jurisdiction of such legislation, and thus far has failed to act. I was recently informed that the failure of the committee to take up legislation to abolish tax-exempt bonds may be attributed to administration pressure against its enactment.

If this is true, it appears the administration is in favor of the continued issuance of tax-exempt bonds, to which all thinking Americans must object.

There is no reason why the American people should pay interest on their own credit, and it is for this reason that I am so anxious to see the enactment of the pending Frazier-Lemke farm refinancing bill, which, if enacted into law, will

bring mortgage relief to our distressed farmers and at the same time will bring billions of dollars of profit to our Government in interest payments, which under our present system accrue to the private banker. Furthermore, the enactment of the Frazier-Lemke bill will set an admirable precedent for the enactment of similar legislation in the interest of the urban home owner and also for the extension of credit to legitimate business at not over 1½-percent interest. God help the American people if we as a people are to continue to be subject to the power of unearned, entrenched wealth in the hands of the international banker and his fellows!

Those opposed to the Frazier-Lemke bill have sought to defeat it by terming it "inflationary" without the slightest basis of fact for such a charge. Under existing law—made by the bankers—we are authorized to coin two and one-half times as much paper money as there is gold in the Treasury. Today we have over \$10,200,000,000 in gold which we are soon to bury in the ground for safekeeping, and we have only one-half of this amount in circulation in paper money. Under existing law, which, I reiterate, the bankers made, we are authorized to print approximately \$25,000,000,000 Treasury certificates or notes, yet the Frazier-Lemke bill, which calls for only \$3,000,000,000 in Treasury notes, is termed inflationary. If we enact this bill, there will be only 80 cents in paper money for every \$1 in gold which we have buried. This certainly cannot be considered as inflationary if we have 20 percent more gold than we have paper money in circulation.

We should bear in mind that Treasury notes cannot be destroyed by the Federal Reserve System in lieu of bonds. It is for this reason that the bankers oppose the Frazier-Lemke bill. They do not want money in circulation except such "rubber" Federal Reserve notes as they can issue or destroy, at will, to control prices for their advantage.

I have not yet filed for reelection to Congress. The enactment of the Frazier-Lemke bill and a constitutional amendment forever abolishing tax-exempt securities is of more interest to me than partisan politics. I look to the national convention of our party in the hope that our party platform will declare for a constitutional amendment forever abolishing tax-exempt bonds and establishing a more equitable system of taxation whereby those who have the wealth will be called upon to carry at least their proportionate share of our increased and increasing tax burden. If we are to have "equal justice under law", we also should have equal taxation, and no man's wealth should be tax exempt.

Let us consider for a moment the Frazier-Lemke bill in comparison with the discredited A. A. A., which I opposed. It must be admitted that the Frazier-Lemke bill will give real, substantial assistance to the distressed farmer and that at the same time, as a result of such assistance, a profit will accrue to the National Treasury in the interest payments. Contrariwise, under the A. A. A. the distressed mortgagees, farm tenants, and sharecroppers received very little benefit, while the opulent landholders, and in many instances foreign absentee landlords, obtained "agricultural relief" as high as \$1,000,000 or more per individual or corporation. A comparison of these two measures shows how much more effective and just is the Frazier-Lemke farm-refinancing bill than was the A. A. A., under which a large share of the benefits which were intended for the distressed farmers were absorbed by wealthy landlords. Unlike the A. A. A., which increased the prices of farm products to the consumer—we are still suffering from the high price of meat attributable to this act—the Frazier-Lemke bill is not an indirect sales tax on foodstuffs but it is a real, legitimate aid to the farmer, without the intervention of the international banker, and the profits under this bill will go to the Government and not to Wall Street.

I for one am proud of the opportunity to cast my vote in support of the Frazier-Lemke bill. If we are to progress we must legislate for the people who are in distress and not for those who have brought about our present depression and who thus far have profited out of all proportion in so-called relief measures. In the storm which has overtaken our economic ship of state the financial interests have ensconced themselves safely in the lifeboats and have been given every

possible assistance, while the unfortunate shipwrecked citizens who are floundering in the waters of depression, millions of them without life preservers of any kind, have been considered as "the least among these." I hope that before this Congress adjourns a life line strong enough to bring them safely to shore will be thrown to these unfortunate struggling citizens who, notwithstanding their desperate plight, still have the utmost faith in our promises to save them.

Shall we dissipate their hopes? Shall we play the part of hypocrites and tell them with one voice that we are concerned over their plight and will do all in our power to rescue them and provide for them "the abundant life", while at the same time we ignore their immediate needs and give every aid and succor to those who are already safely in the lifeboats and who have more than enough of this world's goods? If we abandon them now, they will be indeed "the forgotten men."

I reiterate, the Frazier-Lemke farm-refinancing bill, free from profits to the international banker, is the real magna carta of financial and monetary liberty, and the action we take on this measure and on the abolition of tax-exempt securities will stamp every one of us with the brand we deserve—either for the people or for the bankers.

#### CALENDAR WEDNESDAY

Mr. BANKHEAD. Mr. Speaker, I desire to submit a unanimous-consent request. I ask unanimous consent that business on Calendar Wednesday tomorrow may be dispensed with so that we may conclude the pending bill.

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

There was no objection.

#### HOUR OF MEETING TOMORROW

Mr. JONES. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection?

Mr. SNELL. I shall not object, but I should like to ask the majority leader if he will tell us what the program is for the rest of the week and why it is necessary to meet at 11 o'clock tomorrow?

Mr. BANKHEAD. I will state that there are several conference reports which we are anxious to dispose of and which have been pending for a long time. We hope that after the pending bill is disposed of we can take up the conference reports, one of which is the Interior Department bill, which is rather controversial and will take probably a day.

Mr. SNELL. You will take that up on Thursday?

Mr. BANKHEAD. Yes; if the pending bill is concluded.

Mr. LAMBERTSON. I have understood that the gentleman from Colorado [Mr. TAYLOR] will not be back until the first of the week.

Mr. BANKHEAD. The last information I had was he would be able to be here this week. I will say that there is no other legislative program yet arranged because we hope to take up the conference reports.

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

There was no objection.

#### LEAVE TO ADDRESS THE HOUSE

Mr. HANCOCK of North Carolina. Mr. Speaker, I ask unanimous consent that on Thursday after the reading of the Journal and disposition of matters on the Speaker's table I may be permitted to address the House for 10 minutes.

The SPEAKER. The Chair will entertain that request in the event that the pending bill is completed.

Mr. HANCOCK of North Carolina. My request is made on that understanding.

The SPEAKER. Is there objection?

There was no objection.

#### EXTENSION OF REMARKS

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their own remarks on the pending bill.

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

There was no objection.

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address by the Assistant Secretary of the Interior.

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

Mr. SNELL. I object.

#### SENATE JOINT RESOLUTIONS REFERRED

Joint resolutions of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. J. Res. 226. Joint resolution authorizing the President to invite foreign countries to participate in the San Francisco Bay Exposition of 1939 at San Francisco, Calif.; to the Committee on Foreign Affairs.

S. J. Res. 229. Joint resolution providing for the contribution by the United States to the expense of the celebration by the State of Arkansas of its admission to the Federal Union; to the Committee on the Library.

#### SENATE ENROLLED BILL SIGNED

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 3161. An act to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, and so forth", approved March 3, 1925, as amended.

#### ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 21 minutes p. m.), the House under the order just adopted adjourned until tomorrow, Wednesday, May 13, 1936, at 11 a. m.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. DUFFY of New York: Committee on the Judiciary. H. R. 12329. A bill to reenact section 259 of the Judicial Code, relating to the traveling and subsistence expenses of circuit and district judges; without amendment (Rept. No. 2607). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLER: Committee on the Judiciary. S. 3043. An act for the relief of the State of Maine; without amendment (Rept. No. 2608). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. House Joint Resolution 583. Joint resolution authorizing the Veterans' Administration to prepare and publish a compilation of all Federal laws relating to veterans of wars of the United States; without amendment (Rept. No. 2610). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. S. 3440. An act to amend certain acts relating to public printing and binding and the distribution of public documents and acts amendatory thereof; without amendment (Rept. No. 2611). Referred to the Committee of the Whole House on the state of the Union.

Mrs. GREENWAY: Committee on the Public Lands. H. R. 12062. A bill to authorize the Secretary of the Interior to accept unsurveyed lands in numbered school sections in the State of Arizona in exchange for certain other lands, and for other purposes; with amendment (Rept. No. 2612). Referred to the Committee of the Whole House on the state of the Union.

Mrs. GREENWAY: Committee on the Public Lands. H. R. 11183. A bill to provide for the acquisition of certain lands by the town of Benson, Ariz., for school and park purposes; without amendment (Rept. No. 2613). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEVER: Committee on the Public Lands. S. 3805. An act to authorize the Secretary of the Interior to reserve certain lands on the public domain in Nevada for addition to the Walker River Indian Reservation; without amendment (Rept. No. 2614). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEVER: Committee on the Public Lands. S. 4230. An act to amend section 28 of the Enabling Act for the State of Arizona, approved June 20, 1910; without amendment (Rept. No. 2615). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. S. 4026. An act to amend the National Defense Act of June 3, 1916, as amended; without amendment (Rept. No. 2616). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. S. 4190. An act to amend the act approved February 7, 1913, so as to remove restrictions as to the use of the Little Rock Confederate Cemetery, Arkansas, and for other purposes; without amendment (Rept. No. 2617). 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. GREEVER: Committee on the Public Lands. S. 4374. An act for the relief of Ruth Edna Reavis (now Horsley); without amendment (Rept. No. 2609). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 1464. An act for the relief of Frank P. Hoyt; without amendment (Rept. No. 2618). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 3067. An act for the relief of A. J. Watts; without amendment (Rept. No. 2619). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 3128. An act for the relief of Daniel Yates; without amendment (Rept. No. 2620). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 3663. An act for the relief of William Connelly, alias William E. Connoley; without amendment (Rept. No. 2621). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. Senate Joint Resolution 110. Joint resolution authorizing Brig. Gen. C. E. Nathorst, Philippine Constabulary, retired, to accept such decorations, orders, medals, or presents as have been tendered him by foreign governments; without amendment (Rept. No. 2622). 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. DEMPSEY: A bill (H. R. 12676) to provide for the establishment of an agricultural experiment station within the Middle Rio Grande Conservancy District in the State of New Mexico; to the Committee on Agriculture.

By Mr. HAMLIN: A bill (H. R. 12677) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of York County, Maine; to the Committee on Coinage, Weights, and Measures.

By Mr. O'MALLEY: A bill (H. R. 12678) to provide for the control of floodwaters in the Wisconsin Valley, to improve navigation on the Wisconsin River and its tributaries, to provide for the irrigation of arid and semiarid lands, and for other purposes; to the Committee on Flood Control.

By Mr. ROBINSON of Utah: A bill (H. R. 12679) to correct the description of a portion of the Fort Douglas Military

Reservation, State of Utah; to the Committee on Military Affairs.

By Mr. LEA of California: A bill (H. R. 12680) to regulate the transportation and sale of natural gas in interstate commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON (by request): A bill (H. R. 12681) to amend section 1 of the act of Congress entitled "An act to fix the salaries of officers and members of the Metropolitan Police force, the United States Park Police force, and the fire department of the District of Columbia", approved May 27, 1924, and for other purposes; to the Committee on the District of Columbia.

By Mr. O'CONNELL: A bill (H. R. 12682) authorizing the construction and operation of two American trans-Atlantic airships; to the Committee on Interstate and Foreign Commerce.

By Mr. BUCKLER of Minnesota: A bill (H. R. 12683) authorizing the Secretary of Commerce to establish a fish-cultural station in northern Minnesota; to the Committee on Merchant Marine and Fisheries.

By Mr. CASTELLOW: A bill (H. R. 12684) providing for the sale of certain lands within the Fort Benning Military Reservation, Ga.; to the Committee on Military Affairs.

By Mr. GASQUE: A bill (H. R. 12685) granting the consent of Congress to the county of Horry, S. C., to construct, maintain, and operate a free highway bridge across the Waccamaw River, at or near Red Bluff, S. C.; to the Committee on Interstate and Foreign Commerce.

By Mr. McLAUGHLIN: A bill (H. R. 12686) authorizing the Chief of the Weather Bureau to enter into 3-year contracts for airplane observation flight services; to the Committee on Agriculture.

By Mr. MAVERICK (by request): A bill (H. R. 12687) to provide for the protection of workmen on public buildings; to the Committee on Labor.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri: A bill (H. R. 12688) granting a pension to Hattie B. Roberts; to the Committee on Invalid Pensions.

By Mr. McLAUGHLIN: A bill (H. R. 12689) for the relief of William McKinley Gill; to the Committee on Military Affairs.

Also, a bill (H. R. 12690) authorizing the President of the United States to present, in the name of Congress, a Medal of Honor to Thomas E. Langdon; to the Committee on Military Affairs.

Also, a bill (H. R. 12691) granting a pension to Harriett M. Hughes; to the Committee on Invalid Pensions.

By Mr. SHANLEY: A bill (H. R. 12692) for the relief of David W. Morgan; 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:

10871. By Mr. CULLEN: Petition of the Bricklayers' International Union, Local No. 9, Brooklyn, N. Y., endorsing and supporting the Wagner-Ellenbogen housing bills (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10872. By Mr. HILDEBRANDT: Resolution of the American Legion, favoring the construction of a veterans' hospital at some point east of the Missouri River; to the Committee on World War Veterans' Legislation.

10873. By Mr. JOHNSON of Texas: Memorial of G. P. Todd, of Ennis, Tex., in behalf of the Smith resolution, regarding payment of cotton-pool certificates; to the Committee on Agriculture.

10874. By Mr. KENNEY: Petition of the North Hudson Real Estate Board, Inc., requesting the Interstate and Foreign Commerce Committee to favorably consider the Copeland-

Kenney bill (H. R. 31) now before the House of Representatives; to the Committee on Interstate and Foreign Commerce.

10875. Also, resolution of the executive committee of the Newark Newspaper Guild, urging the President and Congress to continue the Federal arts projects on a national basis under direct Federal control, and requesting resolution be sent to the President and to Members of Congress; to the Committee on Appropriations.

10876. Also, petition of the American Association of University Women, Grand Junction, Colo., favoring the pure food and drug bill with elimination of provisions permitting claimant whose goods have been seized to require trial in a court in his own district; preventing multiple seizures of misbranded products; and urging the retention of enforcement of advertising provisions of the act under the Food and Drug Administration; to the Committee on Interstate and Foreign Commerce.

10877. By Mr. PFEIFER: Petition of the Bricklayers' International Union, Local No. 9, Brooklyn, N. Y., urging support of the Wagner-Ellenbogen housing bills (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10878. By Mr. SUTPHIN: Petition of the executive committee of the Newark (N. J.) Newspaper Guild, commanding the Federal arts projects of the Works Progress Administration, and urging that same be continued on a national basis under direct Federal control; to the Committee on Appropriations.

10879. By Mr. TREADWAY: Petition of the custodial employees of the Post Office and Treasury Departments in Boston, Mass., urging the enactment of the Boylan bill; to the Committee on the Civil Service.

## SENATE

WEDNESDAY, MAY 13, 1936

*(Legislative day of Tuesday, May 12, 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 Tuesday, May 12, 1936, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

#### MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 3161) to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, etc.", approved March 3, 1925, as amended, and it was signed by the Vice President.

#### CALL OF THE ROLL

Mr. LEWIS. Mr. President, it being obvious that a quorum is not present, I ask that the roll be called.

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Byrnes	Gibson	McAdoo
Ashurst	Capper	Glass	McGill
Austin	Caraway	Guffey	McKellar
Bachman	Clark	Hale	McNary
Bailey	Connally	Harrison	Maloney
Barbour	Coolidge	Hastings	Metcalf
Barkley	Copeland	Hatch	Minton
Benson	Couzens	Hayden	Moore
Black	Davis	Johnson	Murphy
Bone	Dieterich	Keyes	Norris
Borah	Donahay	King	Nye
Brown	Duffy	La Follette	Pittman
Bullock	Fletcher	Lewis	Pope
Burke	Frazier	Logan	Radcliffe
Byrd	George	Lonergan	Reynolds
	Gerry	Long	